



THE INDEPENDENT

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A woman braves the icy temperatures and snow in Castle Combe in the Cotswolds yesterday. A blanket of snow swept across the southern half of Britain, closing hundreds of schools and blocking roads. Icy winds from Siberia sent temperatures plummeting and blew drifts up to four feet deep. The bookmakers William Hill have now cut their odds on a white Christmas from 4-1 to 2-1, the shortest ever quoted odds for this time of year. Photograph: Jay Williams

Blair warns angry MPs that he won't bend on welfare reform

Tony Blair appealed to backbench MPs for unity yesterday as anger persisted over planned benefit cuts. But he gave no sign of applying the brakes on welfare reform. Fran Abrams and Ian Brown report on Labour's tough Christmas messages.

The Prime Minister will listen. It is not contrite about cutting benefits and won't buckle before the Labour rebels. Talking to the Parliamentary Labour Party, he told it to focus on the "big picture" and not

to be distracted from electoral promises, including modernisation of the welfare state.

"We could not have been clearer about our determination to modernise the welfare state ... [and] to get spending on social and economic failure down so that could get spending on education up," he said. Then he warned of even less popular decisions to come. That on lone parents "would almost certainly not be the hardest decision or issue" Labour would have to face.

As for the critics and rebels: "I have listened to criticism in recent days. There has to be room in any party for criticism, for conscience, for dissent."

He went on, however: "Con-

structive criticism is one thing. But it should never be made in such a way that it merely provides gifts to our political enemies, or repeats their propaganda about broken promises when we have broken none, or accuses us of dismantling the welfare state when it is this party that built the welfare state and this government that will save the welfare state," he said.

That did not calm all the rebels who voted against the Government on lone-parent benefit last week, though parts of the speech provoked both laughter and applause.

Afterwards party officials promised new efforts to ensure that backbenchers' concerns were heard in future. But the

protesters said that their attempts to voice their feelings privately had brought no concessions.

In future, a spokesman said, there could be an "early warning system" to try to avert clashes, and perhaps more discussion of issues at a regional level within the party.

MPs had been told not to comment on what happened, but some afterwards that they had been neither mollified nor angered by Mr Blair's speech.

Tony Benn, MP for Chesterfield, said: "There is very real anxiety among people who voted with the Government as well as among those who voted against it." Another of the dis-

senters said the party leadership was "far from out of the woods on this whole business".

"It must be very plain to everybody, and if it is not plain to the leadership, by Christ they are in for a shock."

Meanwhile, a more positive example of the Blair strategy was unveiled when Andrew Smith, the employment minister, promised that plans to "green" the nation's rundown inner cities will also "transform" the job prospects of thousands of youngsters.

The multi-billion pound Welfare-to-Work scheme aims to help those who quit the dole and is paid for with £3.5bn from the windfall tax on the privatised utilities. Tree planting, urban

forestry, town centre rangers, landscaping and building work to improve the environment will be among the projects available to young people.

Such initiatives will please Labour MPs but will not calm the benefits row. Cabinet ministers have received protest letters from Labour supporters resigning from the party in protest at the cuts in lone-parent benefit.

Gordon Brown was challenged over his agenda yesterday at the Commons Treasury Select Committee. But veteran left-winger Brian Sedgemore was told by the Chancellor that there would be no let up in the strategy, which he denied was "cuts-driven".

TODAY'S NEWS

£22m for BR executive

John Prudeaux, a former senior British Rail executive, has become the latest industry insider to make a fortune from privatisation, by netting a £15m profit out of the sale of Angel Trains, a rolling stock leasing company. The Royal Bank of Scotland is paying £395m for the company which owns Angel Train Contracts, one of the three rolling stock firms parcellled up in the race to sell off BR. Page 23

Tory funds revealed

Underfunding for the Conservative Party is to be exposed for the first time. During Commons exchanges yesterday William Hague said he would comply with a request from Lord Naseby QC, the new chairman of the Committee on Standards in Public Life, to provide details of donations over £10,000 since 1992, broken down between overseas and domestic sources. Page 3

Cod defy the doomsayers

After years of warnings about a collapse in North Sea cod stocks due to over-exploitation, the waters around Britain are teeming with a bumper crop of young fish. What's going on, asks environment correspondent Nicholas Schoon.

European Union fisheries ministers are expected to grant fleets a 22-per-cent increase in the tonnage of cod they can take from the North Sea when they meet today and tomorrow. This year beach anglers have been reeling them in and trawlers have been dumping huge quantities over the side, dead, because they are below the legal landing size or because the boats have already caught their full quota.

Yet for the past decade environmentalists and scientists have been saying cod and other species have been fished to dangerously low levels, risking a catastrophic decline due to a lack of breeding adults.

The abundant cod are infant ones, coming up to their second birthday and years away from being able to breed. An unusually large proportion have survived the risky first two years of life, due to unknown factors such as warmer than usual water.

Their abundance is largely a fluke. But the UK fisheries minister Elliot Morley and European scientists say it may also be due to a small drop in the proportion of adult, breeding cod being netted each year. Now the question is what to do with nature's bounty. Scientists who advise the European Commission have suggested setting the overall North Sea cod quota at 153,000 tonnes for 1998, compared to 115,000 tonnes this year. But the Commission has

suggested a lower figure of 140,000, allowing extra headroom for the depleted stocks of adult cod to recover. Yesterday Mr Morley said he supported this; the National Federation of Fishermen's Organisations, representing English and Welsh fleets, is inclined to agree too.

Quotas for several other stocks will also be raised and others lowered when the fisheries ministers hold their annual negotiations today and tomorrow on dividing allocations between the different national fleets. The commission proposes a 71-per-cent increase for North Sea herring and a 28-per-cent cut for herring off the west of Scotland. Quotas are set according to the number of young fish that scientists find in the sea. Because this varies wildly, so do the quotas. If the number of adult, breeding fish was allowed to build up, quotas would not only be more stable from year to year but also higher.

TELEVISION The Eye, page 12
COPPER SKIN Page 32 and
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3/NEWS

Tories to give details of overseas donations

Foreign funding for the Conservative Party is to be exposed for the first time by the Neill Committee on Standards in Public Life. Anthony Bevins, Political Editor, reports on the first step towards ending the sleaze of party finances.

William Hague, the Tory party leader, was yesterday forced to agree to give the Neill Committee a breakdown of overseas donations to the party between 1992 and this year – the foreign finance for this year's election campaign.

While the Tories have previously accepted that they should not accept cash from foreign governments and rulers, it is believed that overseas donations have been substantial over the years – but always as a matter of speculation, rather than fact.

The secrecy surrounding the foreign fund-raising operation was exposed in *The Independent* last month after a Commons motion identified an Australian businessman, Ronald Walker, as an overseas treasurer of the Conservative Party.

It has been suggested that Mr Walker raised more than £1m from overseas donors in the run-up to the last election, and an amendment to a Commons motion said that Mr Hague had nominated him for a

knighthood for his services to the Conservative Party – while denying the fact that he had operated as the party's overseas treasurer.

During Commons exchanges yesterday, Mr Hague was challenged by the Prime Minister to say that he would comply with a request from Lord Neill QC, the new chairman of the Committee on Standards in Public Life, to provide details of donations over £5,000 from 1992, broken down between overseas and domestic donors.

"We will provide the Neill committee with all the information that they have asked for," Mr Hague said.

All parties will now be expected to provide a broad indication of the nature of the sources and the

scale of the funding – without names. Party treasurers have been told: "For donations of £5,000 or more, we would like to know how many donors of each type fall in the ranges £5,000-£10,000, £10,000-£20,000, £20,000-£30,000 and so on in £10,000 bands."

Individual donations in excess of £1m – such as Bernie Ecclestone's January donation to Labour – would therefore be exposed.

A consultation paper issued by Lord Neill yesterday also opened up questions of state funding, which is highly unlikely, and a limit on election spending – strongly favoured by the Government.

But Lord Neill will also be considering the question of the sale of

honours and his document revealed one route by which current checks on honours and party donations might be evaded.

"Abuses of the honours system are known at least as early as the reign of King James I at the start of the seventeenth century," the paper said. "The promise of honours was a popular method of raising party funds from wealthy individuals in the nineteenth century. In the 1920s, the systematic and flagrant sale of honours [peerages, knighthoods and so on] for political fund-raising became a public scandal."

Following a Royal Commission, a Political Honours Scrutiny Committee was set up to vet honours, and their possible link with donations, but Lord Neill's paper said its remit was limited to an examination of recommendations for honours made by the Prime Minister on account of political services.

Lord Neill added: "The committee does not, however, scrutinise honours proposed by members of the public or major national bodies which are awarded for reasons other than political service, even if the candidate for honour, or a company with which the candidate is connected, has contributed funds to a political party."

● Public and other responses should be sent to the Secretary, Committee on Standards in Public Life, Horse Guards Road, London SW1P 3AL, by Friday, 27 February 1998.

IN TOMORROW'S INDEPENDENT

28 pages of
film and
music in
The Eye
PLUS

Verhoeven's
new instinct
– to be nice
to women

Eisenstein:
Could he
have directed
Naked
Lunch 4?

Sidney
Bechet: The
Snoop Doggy
Dogg of
Twenties jazz



Cause for celebration: The scene at the House of Commons children's party yesterday

Photograph: David Rose

It's Christmas and like it or not tips are de rigueur at this time of year. Alexandra Williams investigates the dilemmas of tipping, and one employer which is putting its foot down and threatening staff with fines if they accept festive gifts.

There will be no apple for teacher this year in Swindon, nor the traditional Christmas box for men.

Swindon Borough Council has been branded Scrooge as it put a blanket ban on employees, including teachers, refuse collectors and home helps, accepting Christmas gifts and tips. Employees choosing to flout the edict face fines of up to £2,500.

All 7,500 employees have been sent a memo from Stephen Taylor, head of the council's legal department, alerting them to the rules.

"You will be aware that nationally there have been a number of allegations of impropriety made against public figures and public sector employees," it read. "In these circumstances it is more important than ever that all the council's staff not only act correctly but are seen to act correctly. Non-work related gifts, such as drink or hospitality, must not be accepted under any conditions."

Mike Welsh, the Swindon branch secretary of the National Association of Head Teachers, was incredulous. He said: "It's a sledgehammer to crack a nut. Long may the tradition of an apple for the teacher continue."

Keith Ulyatt, spokesman for the council, said it was simply following section 117 of the 1972 Local Government Act. "It clearly states that 'an officer of the local authority shall not accept any fee or award whatever other than his proper remuneration.'

"We don't want to be Scrooges but employees must be alerted." The word "tip" is said to stem from "To Insure Prompt", a phrase coined as a financial incentive to Victorian stagecoach drivers delivering

letters. But the term is also traced to the early 17th century, when it meant "the giving of a gratuity to an inferior".

In the 1939 Greta Garbo film *Ninotchka* the actress attempts to point out the evils of capitalism to a porter carrying her bags with the line: "That's not business. That's social justice." He replies: "That depends on the tip."

For the British, tipping is an awkward act at the best of times. The words 'Service not included' at the foot of a bill is enough to throw some into a frenzy. Most of us are unsure on the amount to give and how to hand it over.

Does one cower inside and peep from behind the curtain to watch the milkman collect the Christmas bonus you have stuffed between the rinsed bottles? Or does one boldly hand it over?

Drusilla Beyfus, the doyenne of etiquette, has for years been advising people on how to handle fish knives and mother-in-laws and the art of giving.

"People should try to overcome their

embarrassment about tipping, because it is only ever the tipper who's embarrassed, never the recipient.

"I've heard someone say they would rather die than slip a tip in their hairdresser's pocket," she said.

Many will already be salivating over the prospect of their Christmas bonus. Newspaper boys and girls can expect to make as much as £150 in tips.

Tipping should strictly be reserved for personal service, advises Ms Beyfus.

"Faceless operatives are not for tipping," she said. "If your postman has to soldier up a hill to deliver your mail then certainly you should tip."

Wolfgang Winter, public relations director at the Savoy, London, suggests 10 per cent in the restaurant and £1 for the doorman who conjures up a taxi.

But Ms Beyfus believes there is a strong element of hypocrisy in tipping.

"The British are extremely critical of tipping and would like to end it but we all tip like mad."

Hurrah! It's all over until the New Year

Wednesday 17 December
Salwood 6am: I awoke from a curiously pleasurable dream about Ann Widdecombe to find the grounds of my magnificent castle blanketed in three inches of snow. A terrible screaming noise pierces the air. It transpires that several of the peacocks have frozen solid overnight. And Wolfgang, the hired hand, is attempting to revive them in the sauna. Jane, meanwhile, is in a huff about something. When I try to give her a goodbye kiss, she lunges at me with a pair of secateurs.

London 10am: My case against the *Evening Standard*, and its absurd parody of my *Diaries*, is grinding to a close in the High Court. With a bit of luck it will be over by midday. I've arranged to meet Fatty Soames for lunch at Wilton's, where we plan to feast ourselves on Dover sole, washed down by a bottle or two of their finest Meursault.

10.30am: Geoffrey Hobbs, my QC, kicks off by complaining about the "blaze of publicity" that I have endured over the past couple of days. I have been deeply wounded by such sensational headlines as "The Kid and his sex coven", he says. The red-haired court usher is

Alan Clark's
Secret Court
Diary

...as imagined by the *Evening Standard's*
Peter Bradshaw who is, in turn, parodied
by our own Kathy Marks

weeping openly. There follows a tiresome discussion about the timetable for the rest of the proceedings, which has been thrown off kilter because Peter Prescott, the newspaper's counsel, is wanted in Singapore for another case. Judging by the standard of his suits, he'll be travelling steerage.

11.30am: Harry Coen, our expert witness, is called to testify that the presentation of the *Standard's* spoof diary could fool readers into believing it is written by me. The weekly column appears under a most fetching photograph of myself, but is actually penned by a young whippersnapper. Peter Bradshaw, Coen, acting editor

of the *Catholic Herald*, is a jovial, bearded fellow who looks as if he enjoys a good lunch. At one point he refers to a picture that was published in *Private Eye* of Lady Thatcher "looking particularly mad". The faintest hint of a brown crosses my patrician features. I am not paying Coen a small fortune so that he can take the *Divine One's* name in vain.

12.30pm: I while away the time by flicking through the latest copy of *VE*, an excellent magazine which features a most humorous character called Sid the Sexist. The case is now set to run on into the afternoon. Curses!

2pm: The *Standard* calls

Matthew Evans, chairman of Faber & Faber, who claims that my literary reputation will not be harmed by Bradshaw's nonsense. Evans has the damned cheek to compare me with Jeffrey Archer, whom he describes as another author with a colourful lifestyle. I raise my eyes heavenwards and lean back so far in my seat that I almost topple over into the lap of Hobbs, who is sitting behind.

2.45pm: Next up is Donald Trelford, the former *Observer* editor, who looks as if he has spent the past three years on a sunbed. Trelford, barely visible over the edge of the witness box, calls me a celebrity cult figure whose reputation is only enhanced by adverse publicity. That was not the case with Oscar Wilde, Mr Justice Lightman interjects. Trelford ventures the opinion that any *Standard* readers who have been misled about the authorship of the parodies are "not the sort of people who make literary reputations".

3.30pm: Hurrah! It's all over until the New Year, when court will reconvene for final legal submissions. I jump into the Jag and burn rubber all the way up Pall Mall. Should be able to catch Soames for the tail end of lunch.

ARMANI



ARMANI

GIORGIO ARMANI

5/SCIENCE NEWS

Insurers eye results of genetic tests

Is there something nasty lurking in your genes? Life insurance companies would like to know – but a new code of practice says they should not ask. Insurers will go along with that, but there are signs that they would prefer to know more. Charles Arthur, Science Editor, sees a row brewing.

The insurance industry is lining up for a battle with scientists over its insistence that people should reveal the results of genetic testing – despite the recommendation of an independent commission saying they should not.

If insurance companies refuse to comply with the recommendations, the Government may have to step in to force them not to. "We hope very much that the industry will remain self-regulating," said a spokeswoman for the Department of Trade and Industry yesterday. "But the Government could make a statutory order."

The independent Human Genetics Advisory Commission (HGAC) recommended in a report to the Government yesterday that there should be a two-year moratorium on the use of genetic test results in assessing people for insurance purposes.

The advance of tests which can identify the presence in blood and saliva samples of various genes giving predispositions to illness – such as breast cancer and other inherited dis-

eases – has caused increasing anxiety both to life insurance companies and the public.

Partly the concern arises because such tests are not yet perfect predictors: the presence of some genes does not guarantee that you will develop a particular illness. By contrast, many simpler medical tests and lifestyle examinations – such as amount of exercise taken and cigarettes smoked – are far better predictors of health.

In a series of statements which excoriated the insurance industry's lack of research into the real usefulness of genetic tests, Sir Colin Campbell, the commission's chairman, said that such testing for insurance purposes should be banned for at least two years. It should only be lifted, he said, when insurers have shown that such tests could actually be useful both to the public and themselves.

If insurance companies want that moratorium lifted, the onus should lie with them."

But yesterday the Association of British Insurers, which had brought forward the release of its own long-delayed code of practice to coincide with the HGAC's, said that people will not be required to take genetic tests when applying for insurance – but results of tests they have already taken should be revealed if a "relevant question" is asked. That is clearly at odds with the HGAC's suggestions.

The ABI also said the code would apply to all types of insurance, including long-term care and medical expenses. That too differs from the HGAC, which said that while its findings applied principally to life insurance, they should apply to other forms too.



Heads in hand: Professor Chris Stringer with fossil remains and models of Neanderthal skulls

Photograph: Rui Xavier

Neanderthal man's feast of goodies

Christmas dinner in Neanderthal times, about 50,000 years ago on the shores of the sea by Gibraltar, was a mixed affair. Scientists excavating ancient caves beneath the giant Rock have discovered that the people who lived in Europe before homo sapiens ate a wider variety of foods than had previously been thought.

Were a Neanderthal to plan a slap-up meal, the first course would probably be pistachio nuts; the second, mussels picked from tidal rocks; with a further courses perhaps of ibex, baked tortoise, and mustard, a turkey-like bird which also frequented the area.

The finding that they ate pistachio nuts – a Mediterranean species which survived Ice Ages – and especially mussels has been a major discovery, said Professor Chris Stringer, of the Natural History Museum. "Some people have a dim view of Neanderthals' capabilities, and have suggested that they wouldn't have gone down to the shoreline for food," he said. But this finding "makes them a bit more like us in their food-gathering habits".

— Charles Arthur, Science Editor

At last, the computer mouse that needs no hands

The computer mouse has been around for 20 years. That's quite long enough, says a

Californian firm which is now planning its replacement. Prepare yourselves for the hands-free mouse. It may be coming soon to a computer near you. Charles Arthur, Science Editor, investigates.

I thought Anthony Lloyd was wearing a black eyepatch when I met him. Except it was in the middle of his forehead, and both his eyes seemed fine. Then I noticed another eyepatch, this one on his wrist, attached by some wires to a small pack on his waist. Plugged into a nearby PC was what looked like a small radio.

The two "eyepatches", he explained, are the components of the hands-free mouse, whose signals are picked up by the radio. And to prove it he started

playing "Quake", a computer game in which you use your mouse to manoeuvre up and down and around corridors, and click its buttons to fire a gun. Except that Mr Lloyd was just tilting his head slightly, and pulling an imaginary trigger. It looked even more realistic when he projected the screen image on to a wall.

"When I demonstrated this at a computer show recently, I ... had hundreds of kids who wanted to try it. They wouldn't stop asking. I left with a list a

yard long of children who wanted one," said Mr Lloyd head of sales for BioControl Systems, of Palo Alto, California, which is marketing the device.

"The mouse has been around 20 years and it hasn't changed. But when you change the interface, you change the medium. That's happening already: people are increasingly talking about wearable computers. This is a 21st-century technology," he said.

It should be on sale in the US

for about \$250 (£150) next spring, and available in Britain from the summer.

The hands-free mouse works by detecting the tiny electrical

currents on the surface of the skin created by the action of muscles by the nerves – rather like the heart or brain monitors used in hospitals.

Using software, those currents can be converted into instructions to move the mouse up and down and from side to side. The other "patch" on the arm can activate a mouse "click" if the forearm is tensed.

It should be on sale in the US for about \$250 (£150) next spring, and available in Britain from the summer.



Hands-free Lloyd and 'mouse'

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Women warned after minicab rape

Women have been warned to be more careful about taking minicabs after a rape by a rogue taxi driver. But minicab representatives criticised Scotland Yard's safety tips for women and called for the licensing of drivers.

The woman, who was raped after she left a late-night party earlier this month, was the 67th victim of a sexual assault by a minicab driver in London this

year, according to the police. It was the 19th reported rape.

Detectives said the woman fell asleep after getting into the car at Clapham, south London.

She awoke at a petrol station in an unknown location, with her seat reclined and the seatbelt unfastened.

The attacker paid for some petrol before driving to a back road where he raped her.

Police said this was the 67th sexual attack by minicab drivers in the capital this year, including 19 rapes.

Scotland Yard yesterday issued a number of safety tips for women, including not travelling

alone when possible, booking by telephone, and giving the firm a "code" with which the driver can identify himself.

Detective Superintendent Bill Grahamslaw said: "Although the vast majority of minicab firms are reputable, the number of attacks has gone up this year. We are anxious that 67 more cases don't take place next year. "We are hopeful that legislation regulating minicabs will soon be passed, but this Christmas - especially if they have perhaps had a few drinks - women should be extremely careful."

Det Supt Grahamslaw added that under no circumstances should minicabs be hailed on the street or through illegal touts waiting outside clubs.

He warned party-goers to plan ahead: "Before you go out, think about it - how are you going to get home?"

But John Griffin, chairman of the Private Hire Car Association, dismissed the safety tips as "pointless".

He added: "It is a very, very difficult problem because it is impossible to know who these drivers are or who they are working for."

"Any Tom, Dick or Harry can

decide they want to be a minicab driver, get in a car and off they go."

"You have to have a licence for a poodle parlour or a scrap metal yard, but there is no licensing for the people who pick you up at 3am and drive you home - it's ludicrous."

Mr Griffin said that black-cab drivers had opposed any partial licensing of minicabs.

"The black cabs think that any form of licensing of minicabs would be the thin end of the wedge in legitimising the trade and providing some form of competition, so they have totally opposed it," he said.

"They have said minicab drivers should have to take the knowledge [the test that black cab drivers have to pass before being licensed] but that is absurd - what we want is a system, where every minicab driver has a recognised identity badge which shows who he is and who he works for."

Earlier this year the Government launched an initiative aimed at driving cowboy minicab firms off the streets, but stopping short of full licensing.

Drivers' backgrounds will be regularly checked and vehicles will undergo safety examinations.

Hague faces naked trial as Thatcher snubs party

John Hague will get a hearing at the Palace of Westminster tomorrow, in a senior Conservative, including Margaret Thatcher, will be absent. The court looks at the legal niceties behind the secret wedding of

Fraud case MP protests innocence

Mohammed Sarwar, the Labour MP for Glasgow Govan, protested his innocence yesterday after appearing in court in the city accused of electoral fraud.

Mr Sarwar has been accused of attempting to pervert the course of justice, of fraud over the late registration of voters and of contraventions of the Representation of the People Act in connection with election expenses.

He said he had been planning to make his maiden speech in Parliament tomorrow, but "in view of the events of the last few days" he would be contacting the Speaker to make alternative arrangements.

"I am naturally disappointed that charges have been brought against me. However, I am also to some extent relieved because, after police inquiries lasting more than seven months the intense speculation engendered by those inquiries, much of it ill-informed, should now be over."

"I reaffirm that I have done nothing wrong and I maintain that I am innocent of all charges. I have full confidence in the Scottish criminal justice system. If I am eventually indicted I am confident that the truth will come out and I will be acquitted of all charges," he said after a brief appearance behind closed doors before Sheriff Charles MacFarlane. He added that it would be "entirely inappropriate" for him to resign as an MP in such circumstances.



Confident: Mohammed Sarwar leaving Glasgow Sheriff Court yesterday after a private appearance

Photograph: Jeff Mitchell/Reuters

Clwyd chief put on spot

A former director of social services in Clwyd - where more than 500 people have alleged they were abused at 24 children's homes and where six care workers have been convicted of abuse - has told the North Wales tribunal investigating the allegations that he was not aware of anything wrong.

Gledwyn Jones, who retired in 1991, was deputy director or director in Clwyd for an 18-year period covering the time when much of the alleged abuse is said to have taken place.

"Should the tribunal understand that during this period you never, if I can put it bluntly, had a hint of the sort of problems at residential homes that this tribunal has been hearing about in the last 10 months?" asked tribunal counsel Gerard Elias.

Mr Jones replied: "No. No allegation came to my personal notice to the extent that you are talking about..."

"As head of a department I would accept the responsibility, certainly. But that is because one believed very strongly that the staff under one were carrying out their duties... I was devastated when I heard about this."

The tribunal has heard that between 1974 and last year there were 12 internal inquiries into children in care in Clwyd, but only six were presented to the social services committee, and only two were given in full. Asked about one of the reports, made in 1988, he admitted it was highly critical, but said he had regarded it as an internal report.

Mr Elias went on: "The report indicates that your stewardship had brought us in 1988 to a point where the whole management structure, style, philosophy and delivery of the service, was, without mincing words, hopeless. If this were an end-of-term report on you and your stewardship of residential care, it would be a nought out of ten report."

— Roger Dobson

Mujahedin's damages claim

An Algerian who fought for the Muslim fundamentalist cause yesterday won a High Court ruling that he is entitled to damages from the Home Secretary for unlawful detention over several weeks while his claim to asylum was considered.

Mr Justice Kay ruled that the man, a fighter with the mujahedin in Afghanistan, was wrongly held in custody after evidence emerged backing his claim to asylum.

The judge said that "Mr B", who cannot be named, had claimed asylum on arriving in Britain in June 1995 and was held while his claim was investigated. He was eventually granted asylum in July 1996, but the judge said he should have been released in May last year.

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£600 fine for newt crime

An unemployed man was yesterday fined £600 after being convicted of damaging the habitat of a rare newt when he used a digger to scrape out a pond. Norman Jay, 41, of Ilketshall St Margaret, near Bungay, Suffolk, had denied damaging or destroying the breeding site of a colony of protected great crested newt. The case before magistrates in Lowestoft is thought to be the first under European laws protecting the newts.

Pheasants 'poisoned'

More than 200 pheasant found dead in Co Antrim yesterday may have been poisoned. Police were called to Viscount Dunlewey's 1,300-acre estate near Glenarm where several other wild birds died as well. Some were taken away for analysis, but it is believed they may have eaten poisoned grain which had been scattered around feeding areas.

DAILY POEM

A Wall
by Dannie Abse

in a field in the County of Glamorgan.
You won't find it named in any guidebook.
It lies, plonk, in the middle of rising ground,
forty-four paces long, high as your eyes,
it begins for no reason, ends no place.
No other walls are adjacent to it.
Seemingly unremarkable, it's just there,
stones of different sizes, different greys.

Don't say this wall is useless, that the grass
on the shadow side is much like the other.
It exists for golden lichens to settle,
for butterflies in their obstacle race
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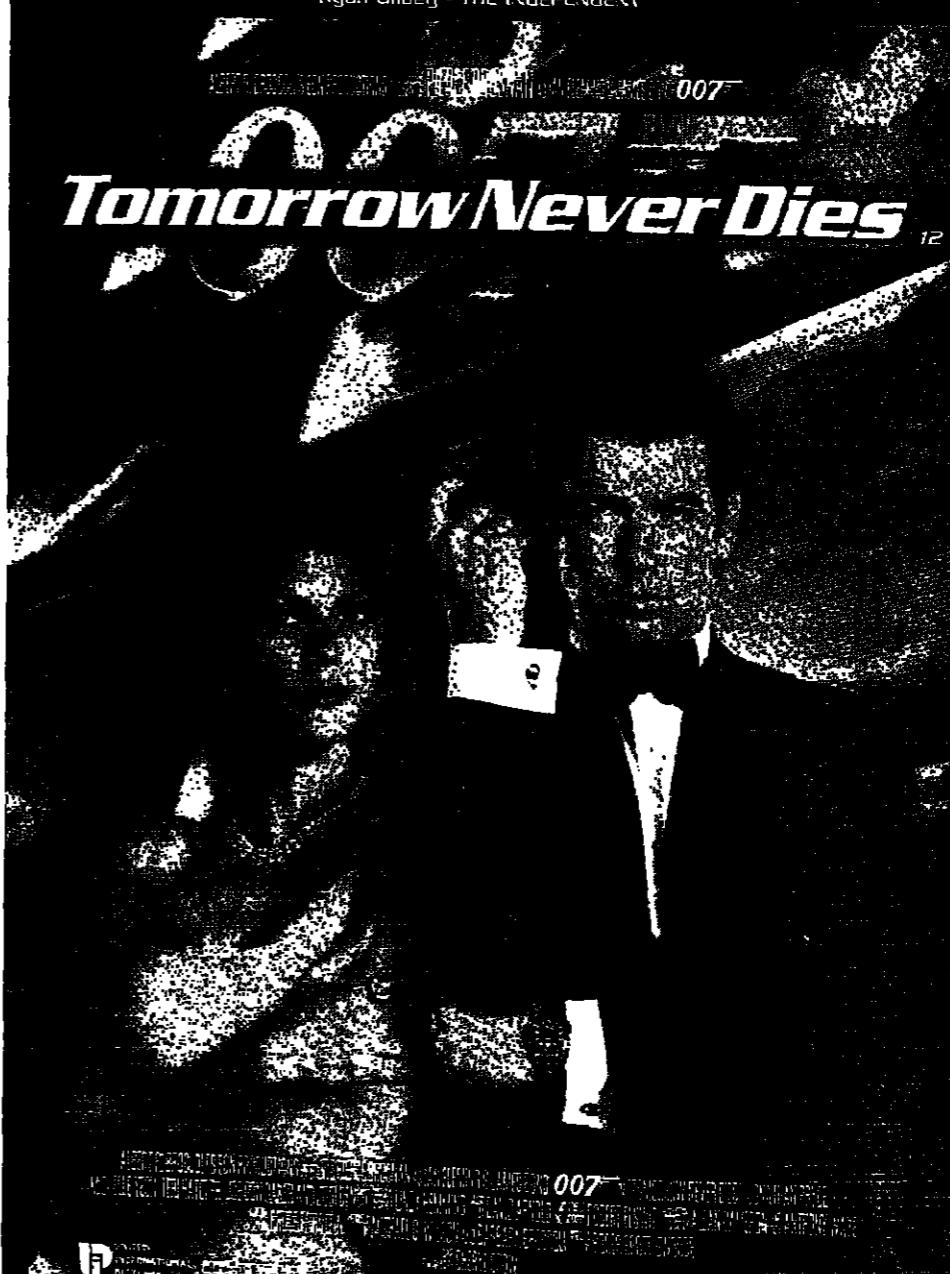
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7/HAGUE WEDDING

Hague faces naked truth as Thatcher snubs party

William Hague will get married at the Palace of Westminster tomorrow, but many senior Conservatives, including Lady Thatcher, will be notable by their absence. Kim Sengupta looks at the politics behind the political wedding of the year.

Lady Thatcher did not turn up for William Hague's pre-wedding reception at the Carlton Club last night. But three invited women did.

Strippers publicising a cable television channel ambushed the Tory leader as he arrived at the party with his fiancée, Ffion. As the grand soirée at the club in St James descended into farce, the couple were driven off while the police were called in to clear the scene.

Lady Thatcher had preferred to attend a carol service for the Cancer Relief Macmillan Fund. This was not a deliberate snub, her office hurriedly insisted, the carol service date had been in her diary for a long time.

This explanation is greeted with derision by some senior Tories. They say the former Prime Minister had been upset at not being invited to the wedding at the Palace of Westminster. She had hailed Mr Hague as a future star after a conference speech by him at the age of 16, and when it came to this year's post-election leadership

contest she had thrown her weight behind him against Kenneth Clarke.

However, Lady Thatcher had also expressed disapproval when at the last party conference, at Blackpool, Mr Hague shared his bedroom with his fiancée. Ms Jenkins is said to have resented the criticism, and she is also said to feel the former Prime Minister's presence would be a distraction on her and William's big day.

The couple have invited just a half-dozen of Mr Hague's parliamentary colleagues to the ceremony along with 140 family friends. Most of the six work closely with the Conservative leader and his private office.

They are James Arbuthnot, the chief whip and head of Mr Hague's campaign team; Alan Duncan, his parliamentary private secretary and friend; David Liddington, his parliamentary private secretary; the MP Julie Kirkbride and her husband Andrew Mackay, the shadow Ulster spokesman; and Liam Fox, spokesman on constitutional affairs. Sebastian Coe, the former MP who is now Mr Hague's chief of staff, makes up the six.

The decision to leave out all other Commons colleagues annoyed some Tory MPs, and that mood was not helped when they were asked to chip in for a present. Backbenchers were asked to contribute £10, and shadow cabinet members £50 each for two gifts, each costing in excess of £1,000.

They were to be chosen from wedding lists, one com-



Laid bare: William Hague and his fiancée being ambushed by strippers before their party at the Carlton Club last night. Photograph: Peter Macdiarmid

piled by the Wedding Shop, in Fulham Road in south-west London. Some of the contents (silver fish knives from Christofle, £276; George Jensen champagne flutes, £270; Richard Ginori coffee cups, £336) have come in for criticism on the grounds of both taste and greed.

One critic in the *Sunday Telegraph*, the Tory party house organ, asked "Don't Christofle, George and Richard want these items any more? ... Why

do you need a fish knife if you do not work on a trawler? ... Is William Hague's life as leader so sad that he actually needs this upmarket tat? And what do you do if you are invited to the wedding and you can't afford any of the gifts?"

Having been savaged over the wedding list, Ms Jenkins is keeping details of her wedding dress a secret. She appeared at the party conference in a £2,000 black lace number by Neil Cunningham. Associates of the de-

signer said he has not been asked to try his hand again.

It has been suggested that Ms Jenkins had bought the dress from the Wedding Shop, which sells second-hand creations by designers such as Bruce Oldfield, Catherine Walker and Phillipa Lepley.

However, this has been denied by the store.

Since then Phillipa Lepley's boutique, also on the Fulham Road, has emerged as the latest front runner. Her style is de-

scribed by a spokeswoman from *Brides* magazine as "clean, elegant and classic". Most of her designs cost between £2,000 and £2,500.

The ceremony will take place at the 13th-century Crypt Chapel at the House of Commons crypt, which was once used by Henry VIII for stabbing his horses. It will be a traditional wedding service conducted by the Speaker's chaplain, Canon Donald Gray, and a Welsh Methodist minister. The re-

ception will be at the Speaker's House, followed by a breakfast at the members' dining room.

It had been assumed that by now the House would have risen for Christmas. But the Government decreed otherwise, and so the couple will be pledging their vows at the Crypt while the raucous business of Parliament continues above. The vows will be in English and Welsh, and Ms Jenkins is unlikely to promise to "honour and obey" in either language.

SECRETS OF HONEYMOON HIDEAWAY

"As your honeymoon is coming to an end, mine is about to begin," William Hague told Tony Blair in the Commons yesterday.

That honeymoon, it is reported, will be in India, where Mr Hague and Ffion Jenkins are expected to stay at a hotel which was once a royal palace.

The Lake Palace Hotel at Udaipur in Rajasthan is the ancestral home of Maharanas of Mawar, a celebrated Rajput warrior clan. It was turned into a hotel in 1963 and used for filming *The Jewel in the Crown* and the James Bond film *Octopussy*.

The hotel has been described as one of the most luxurious and romantic in Asia, with sweeping views across water, courtyards, fountains and gardens. One of the nostalgic links with the Raj are the Udaipur Pipers in white and tartan slacks who play Rajasthani and Scottish laments at sunset.

Mewar became a focal point of resistance to the Mughal empire in the 16th and 17th centuries; successive armies of conquest were thrown back until the fortress cities eventually fell one by one.

Despite the feudal hierarchy, the women of the Rajput royalty played a part in rallying resistance to the invaders.

However, also prevalent was the practice of suttee, self-immolation by the women rather fall into the hands of the enemy, a sacrifice no longer expected of wives of statesmen.

Kim Sengupta



Doctors alerted to risk from killer flu

In the first sign of concern in Britain over the outbreak of avian flu in Hong Kong, the Government has written to all doctors alerting them to the events.

Jeremy Lorraine, Health Editor, explains why the threat is real.

Britain must be prepared to deal with a possible flu pandemic, the Government's Chief Medical Officer said yesterday.

Although there was no evidence yet that one was imminent it was necessary to alert medical authorities to the potential risk in the light of the outbreak of cases of a new flu strain in Hong Kong, Sir Kenneth Calman said.

In a letter to all doctors, Sir Kenneth describes the recent events in Hong Kong, where nine cases of infection with avian flu never before seen in humans have been identified, and reminds doctors that a pandemic plan drawn up by the Department of Health and published last March is in place.

He said: "This is not a panic measure. There have been no cases of Hong Kong flu here. But it seemed sensible to allow

all GPs to have information about it. It is a way of being prepared for this kind of thing."

Sir Kenneth added that all necessary preparations were in place should there be an outbreak of the flu strain here.

Concern about the outbreak in Hong Kong has risen since it was confirmed that the latest victims, a boy and girl aged two and three, are cousins of a five-year-old girl who had earlier contracted the illness.

This is the first evidence that the illness, which originated in chickens and has jumped to humans, can spread from person to person. All previous cases have been caught directly from chickens.

If confirmed, evidence of the infection spreading from person to person would increase the threat of the illness spreading round the world causing a pandemic.

The flu strain involved, H5N1, is completely different from any that has been seen in humans before and there would be little or no resistance to it.

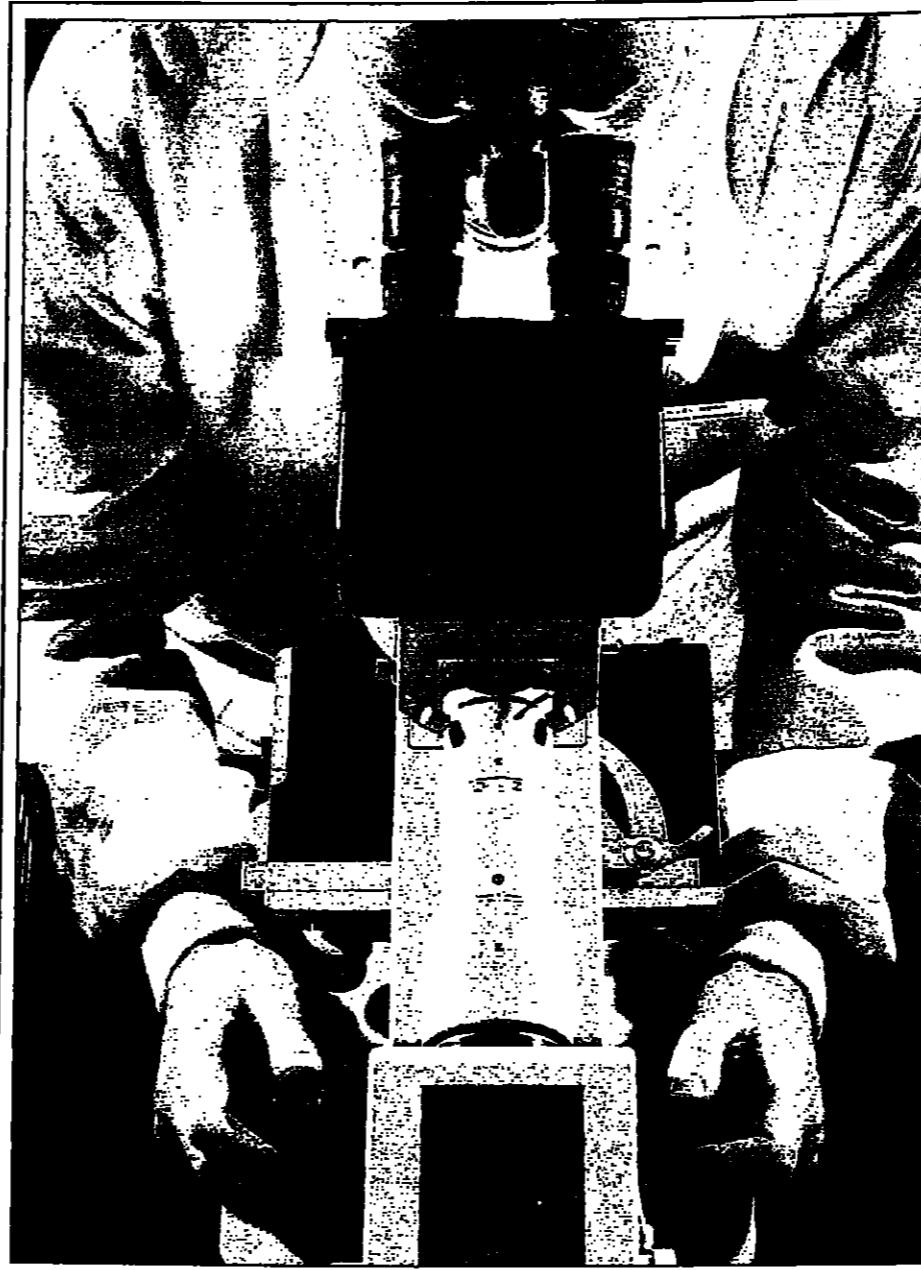
However, experience up to now suggests that its capacity to spread from person to person is limited at best. If that proves to be the case the risk of a pandemic is greatly reduced.

Although flu is normally a mild illness, every couple of decades the virus undergoes a mutation producing a strain to which no one has immunity. Three previous flu pandemics have occurred this century, killing millions around the globe, and all involved avian flu viruses that originated in birds. The 1918 pandemic, in which 20 million people died – more than during the First World War – was followed by pandemics in 1957 and 1968. Virologists say the next one is overdue.

The seriousness of the threat is underlined by the Department of Health's decision to issue guidance to health authorities and trusts last March instructing them how to prepare for the next pandemic.

The document, *Multiphasic Contingency Plan for Pandemic Influenza*, says the aim is to reduce death and disease and enable the NHS "to cope with large numbers of people ill and dying". It says all non-urgent admissions to hospitals may have to be cancelled and hospital plans "must include mortuary arrangements in the event of a large number of deaths".

Flu viruses have long been known to mutate in animals – particularly pigs – from which they can jump to humans. Previous pandemics have originated in the Far East where rural populations live in close proximity with animals.



Some cervical screening laboratories may have to close. Photograph: Science Photo Library

Action plan on cervical tests

More than a third of cervical screening laboratories are failing to meet standards set by the health department. Yesterday, the Government's Chief Medical Officer announced an action plan to bring the poor performers up to the mark. **Jeremy Lorraine, Health Editor, reports.**

adequate, compared with a target range of 5 to 9 per cent. The laboratory examined 4,247 smears last year, well below the 15,000 smears judged necessary to ensure that screens have sufficient expertise.

Although guidelines specifying the 15,000 minimum were issued 18 months ago, only one laboratory, at St Cross hospital, Rugby, has closed as a result. The laboratory triggered a scare last month after the smears of 18,000 women had to be re-examined after checks showed some that were abnormal had been missed. The laboratory processed fewer than 7,000 smears a year.

There have been a series of scandals of which the worst occurred at Kent and Canterbury hospital where five women developed cancer after abnormal smears were missed and 90,000 smears had to be re-checked. A report on the incident published in October identified management failures as the cause and Frank Dobson, Secretary of State for Health, announced a national review.

Launching the action plan yesterday, Sir Kenneth Calman, the chief medical officer, said small laboratories could be required to close and staff from others where performance was poor may have to undergo re-training.

Poorly performing cervical screening laboratories were named for the first time yesterday as the Government warned that failure to meet targets would not be tolerated.

Official figures published yesterday show that 83 of the 181 laboratories checking smears fail to meet the national standard for an inadequate smear, and 33 are too small to guarantee accuracy.

An inadequate smear, which means the woman must be recalled for a repeat test, may arise from a failure to take an adequate sample of cells, or from other problems in the laboratory. One laboratory, at the Royal Albert Edward Infirmary, Wigan, found 34.8 per cent of its smears to be in-

adequate. But this could be because there is no test sensitive enough to find the disease agent in low concentrations. The standard test uses mice, but they may be immune below a certain concentration.

— **Charles Arthur**
Science Editor

Scientists concerned as signs of CJD are discovered in white blood cells

Fears that the fatal brain-wasting illness CJD can be carried in blood are growing following new research which suggests that white blood cells carry the disease agent.

A Swiss team of scientists led by Adriano Aguzzi, an acknowledged leader in the field,

found that B-lymphocyte cells, which produce antibodies, are vital to infection by scrapie, the sheep equivalent of Creutzfeldt-Jakob Disease (CJD) and "mad cow disease", or BSE.

The experiment, described today in the science journal *Nature*, found that removing B-lym-

phocytes blocked the scrapie agent from invading nerve cells. This implied that the white cells were carriers of the abnormal prion protein that is believed to cause the disease, and that they transport it around the body.

Although scrapie is a sheep disease, it resembles CJD. If

scrapie is carried in the blood, CJD almost certainly is too.

Speaking last night on *Channel 4 News*, Professor Aguzzi said: "We do try to be pretty careful about [interpreting] this. This is one possibility ... If B-

cells prove to be carriers of infectivity this would call for a

critical re-evaluation of the safety of blood products." He praised the call by Frank Dobson, the Secretary of State for Health, to remove white blood cells from all blood products.

The emergence of "new variant" CJD, caused by eating BSE-infected food, has already

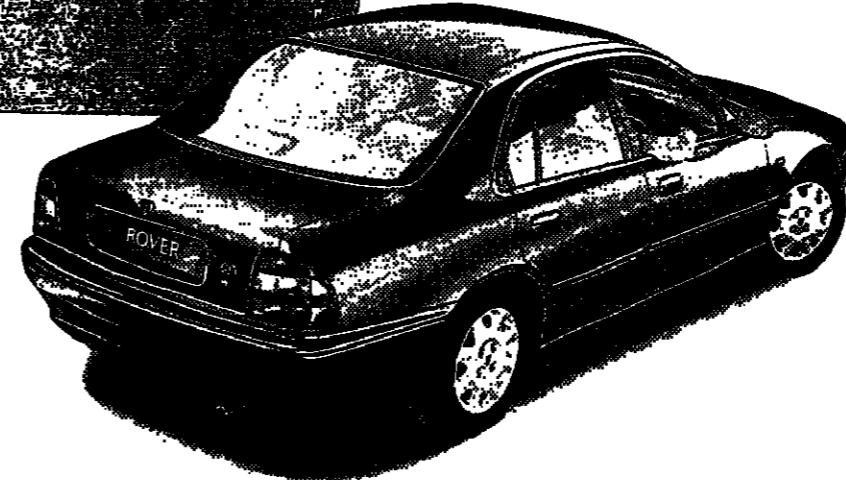
raised new doubts about the infectivity of blood. In October, the Medicines Control Agency ordered all blood products made with donations from victims of new variant CJD to be recalled as a safety precaution.

But that came too late to prevent a blood product made from

plasma taken from a donor who died from new variant CJD being given to 268 patients at nine Irish hospitals, and to scores of people in New Zealand.

Scientists have never found direct evidence that TSEs, or transmissible spongiform encephalopathies, can be trans-

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MPs warn on Dome trip into unknown

A parliamentary search for the Dome Experience has turned into a Millennium mystery tour, according to a Commons committee. Anthony Bevins, Political Editor, reports as Peter Mandelson and colleagues are held to account.

A strong warning was issued yesterday to Peter Mandelson, the Minister without Portfolio, who has been dubbed "Dome Secretary", and the New Millennium Experience Company, that time is running out if they want the project to be a success. "The Millennium Dome is designed to commemorate a particular moment in time," the all-party Culture, Media and Sport Committee said.

"The theme of the Millennium Experience will be time. To complete the Dome and en-

sure that its contents can entertain and inspire will require the organisers to win a race against time ... The potential is enormous, but there will be no second chance."

In a report that bore the personal imprint of the chairman, Gerald Kaufman, the committee criticised the absence of strategic thinking about the means of transporting 12 million people to the Greenwich site; said it was "puzzled" by contradictory statements about the time the exhibition would last; called for greater accountability for the scheme which will cost at least £449m in public money; and said that just as there was no visible marketing campaign, neither were there any clues as to what the Dome would contain.

"However inspirational the Dome," the report said, "the impact of the Experience will depend principally upon what is inside the Dome in 2000.

"It was on this most important of topics that we found official witnesses to this inquiry

least informative. The company asked for our understanding of the primary needs to attract sponsors and to ensure that the product launch did not 'go off half-cocked'. The company knows what will be in the Dome but cannot tell us.

"At times, the process of dis-

covering the proposals for the content of the Dome was akin to drawing teeth. From what we know so far, the Millennium Experience is not so much a journey through time, as ... a journey into the unknown."

The committee said it knew much more about what the Dome would contain. It was not going to be a trade show, a

Disneyland adventure, a tacky theme park, a museum, or simply a candy-floss day out. According to the Government, there would be a central show space with seating for 10,000 people to watch "a spectacular and emotional performance combining live action, multi-media and special effects."

The committee concluded: "This is a public project which needs to generate public support and excitement and which should involve the public."

However, in spite of the barbs, the MPs were evidently impressed by a site visit, down river from the Commons. "The structure has great power, even

in skeletal form, to excite and inspire," the report said. "The Dome is magnificent in conception and likely to be breathtaking in execution."

● The Millennium Dome, Second Report of Culture, Media and Sport Committee, Session 1997-98, Commons paper 340. Stationery office, £9.

Photograph: Brian Harris

Coming online: The Millennium Dome under construction at Greenwich, south-east London

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There's a Great Deal going on

PM rejects Hague line on Robinson

The Prime Minister yesterday brushed aside a charge by William Hague that Geoffrey Robinson, the Paymaster General, had broken the ministerial code of conduct by involving himself in discussion about offshore tax avoidance.

"Isn't it time he did the honourable thing and resigned?" the Opposition leader asked during Prime Minister's question time.

"No, is the answer to that," Tony Blair replied. "There is a clear ministerial code. He has followed that ministerial code. I think that it is good that we have people who are highly-successful business people, who come and work for the Government. He is doing an excellent job there for the country without even taking a ministerial salary."

Mr Blair steadfastly stood by that line throughout a series of subsequent exchanges with Mr Hague and a succession of Tory backbenchers who all pursued Mr Robinson in a clearly co-ordinated line of attack.

The exchanges concluded with Mr Blair effectively saying that as his friend and colleague had done no wrong, he was not prepared to allow him to be hounded out of office. "I personally think it would be very unfortunate if people who are successful in business are put off or discouraged from joining a government and working in the public interest," he said.

The central issue for Mr Hague was the conflict of interest exposed in *The Independent* on Tuesday, when Treasury officials confirmed that Mr Robinson had been engaged in Treasury policy work on tax avoidance schemes, albeit to his own financial detriment.

— Anthony Bevins
Political Editor

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Lib Dem strategy on tour

Paddy Ashdown is about to launch a 'meet the people' tour to establish the Liberal Democrats' strategy for the next five years. Colin Brown, Chief Political Correspondent, says some senior Liberal Democrat MPs want to see their party replace the Tories as the party of Opposition. Mr Ashdown disagrees.

Paddy Ashdown is planning to sound out his party members on the strategy for the Liberal Democrats and their relations with the Labour Party, which could put his leadership of the party on the line in the New Year.

His consultation of the party will culminate in a debate on a strategy paper at the Liberal Democrat spring conference in Southport.

Mr Ashdown is adamant that the Liberal Democrats should not be attempting to replace the Tories as the main party of Opposition. But several of his senior Liberal Democrat MPs disagree, arguing that the Liberal Democrats are outperforming the Tories at Westminster and should be poised to capitalise on the advantage in seats across the country. Mr Ashdown has told friends that the Liberal Democrats can never attempt to replace the Tories as a right-of-centre party.

The debate carries high risks for the leader if he fails to carry his party with him. It also goes to the heart of the Lib Dem role at Westminster in challenging Labour while remaining members of the Cabinet committee on the Constitution.

One of his senior colleagues said: "We are riding two horses." That has irritated Tony Blair who recently ridiculed Mr Ashdown's policy of putting 1p on income tax to pay for higher spending as "the longest piss in history".

The Liberal Democrat MPs believe the row over cuts in the welfare state has reinforced for their case for building their strength as an opposition party, outside the embrace of the Labour leadership.

● Mr Ashdown will start the tour without his chief press officer, Sean O'Grady, who is leaving after only four months in the job. "It's just not worked out," said a Liberal Democrat source.

Watchdog to scrutinise royal fina

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11/POLITICS

-ib Dem
trategy
on tour

Ed Ashdown is about to launch a 'meet the people' tour to establish the Liberal Democrats' strategy for the next five years. On the tour, Chief Political Correspondent, Victoria, senior Liberal Democrat MPs want to replace Tony Blair as the party's leader. Mr Ashdown says: 'The party is in a mess.'



Movable feast: Ex-steward John Prescott dishes up breakfast (left) at the Admiralty Arch refuge for a resident, Steve (centre), then rounds off (right) with a bite for himself. Photographs: Rui Xavier

Prescott's dish fit for the homeless

It has been years since John Prescott was a ship's steward but yesterday the Deputy Prime Minister was back serving breakfast to the homeless at London's Admiralty Arch when he unveiled a £4m scheme to provide shelter, some in government buildings, for those sleeping rough.

There will be a total of 550 beds in shelters in London, Bristol and Cambridge. As well as offering a bed and two meals a day, the Admiralty Arch shelter will provide nursing, drug counselling, an optician and a chiropodist. Mr Prescott, who lives next door in an admiralty flat, said he too had slept rough in his days as a merchant seaman, but in the more hospitable climate of places like New Zealand.

He added: "This government is not walking on the other side of the street. Buildings should not be lying empty, when people in shop doorways are facing sub-zero temperatures."

— Kim Sengupta

Watchdogs to scrutinise royal finances

Details of how the Queen spends taxpayers' money are to be scrutinised by

government spending watchdogs after MPs criticised the Royal Household's lack of accountability. Fran Abrams, Political Correspondent, examines the outcome of an inquiry which has taken five years to complete.

An announcement is expected by mid-February on how the books will be opened up after a critical report yesterday from the Commons' Public Accounts Committee.

While the Queen's personal finances will remain private, the Treasury will give the National Audit Office access to details of how she spends public money. The Royal Family receives £42.3m from the Government each year, about £20m of which goes on accommodation for staff, pensioners and others.

Occupants of the 265 apartments and houses could never afford market rents on them, the committee said in its report, based on evidence given in 1995. On average, they paid £45 per week, which would increase to £83 per week as planned reforms were introduced. But royal properties let out commercially would fetch between £150 and £350 per week.

The Royal Household charged just £9,000 per year in rent for seven properties in Windsor worth £850,000 — just over 1 per cent of capital value and about a tenth of the market rent.

The report expressed concern about the size and salary of the Royal Household. Although a new system had been introduced under which there would be a deduction from salaries to cover the cost of accommodation, it would take a long time before the full benefit.

fits were achieved. The system had not yet been extended to senior staff and the progress in applying the contracts to all staff should be monitored.

The committee's chairman, David Davis also said it seemed that the new system would subsidise the Civil List rather than reduce the cost of palaces.

There was also anger that £900,000 was spent refurbishing accommodation for two senior officials. The outlay was necessary because it had previously been left empty for more than a decade and had not been touched since its previous occupant arrived in 1923.

"We are concerned that part of the estate was neglected in this way," the report said.

The Royal Household said the cost would be recouped through rent in 20 years, while in fact it would take 30 years.

The report said royal officials claimed wrongly that furnishings which cost £310,000 were needed because staff had to hold official functions at home. Later they admitted "there was not a huge amount of official entertaining and the accommodation was not really provided for that purpose."

Plans to reduce the number of properties to 205 came as a "surprise" to the committee, which had not been told. "We are therefore concerned that the substantial scope for releasing accommodation was not brought to the committee's attention," it said.

Mr Davis, said the Royal Household had taken the issues seriously, adding: "Some of the detail in our report might now be dated but the access issues remain unresolved."

A spokesman for Buckingham Palace said Parliament already had scrutiny of the Queen's accounts through figures given to the Department of Culture, Media and Sport. "There is currently no direct access to accounts because the Queen is accountable to Parliament through her ministers and the money is granted to government departments and not the Royal Household."

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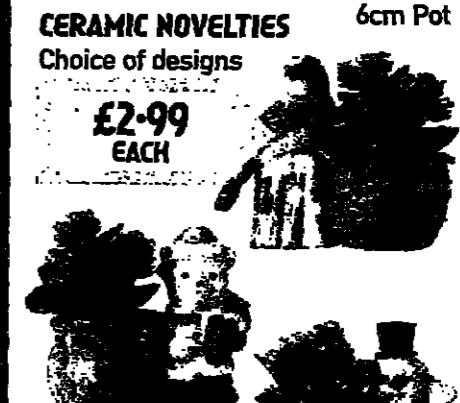
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Cartoon rat's flashing eyes send children into fits

A Japanese television network called in doctors, psychologists and animation experts after a cartoon triggered convulsions among hundreds of children. Jeremy Laurance reports.

TV Tokyo manager Hironari Mori said more than 700 mainly schoolchildren were rushed to hospitals after watching the programme based on the video game "Pocket Monsters" on Tuesday night.

The Home Affairs Ministry said 208 people, aged from three upwards, including a man aged 58, were still in hospital with epilepsy-type symptoms more than 24 hours after the showing.

The blame was put on a scene depicting an explosion followed by five seconds of flashing red lights from the eyes of the most popular character, "Pikachu", a rat-like creature. Mori said the offending section passed inspection before broadcast, but in hindsight "we believe there may have been problems with presentation and production technique".

TV Tokyo imposed a health

warning on future episodes, telling viewers that watching Tuesday's instalment of "Pocket Monsters" could cause fainting and nausea.

The cartoon, shown since April, is the highest-rated programme in its time slot. Some local affiliates have already shelved the next episode. Japan's largest video rental chain, Culture Convenience Club Co Ltd, announced it was taking "Pocket Monsters" videos off shelves.

A spokesman for Nintendo, whose share price fell two per cent, said the characters were the only link between its game and the cartoon. The game has been a huge success, selling seven million units since it was released in Japan in February 1996. It is scheduled to be released in the rest of the world next year.

A flickering television or computer screen can trigger a convulsion in anyone, especially if they have been sitting in front of it for a long time. The risk of a fit is related to the frequency of the flicker and the capacity of the retina of the eye to absorb it. If the retina absorbs a lot of flickering it sends impulses to the brain which can set off a seizure. Older TV sets with a mains flicker of 25 or 50 Hz



Pow! Zap! Pikachu displays the cartoon flashes found to be dangerous

Photograph: AP/TV Tokyo

carried a greater risk of triggering fits than modern sets with a higher frequency of 75 Hz.

The most susceptible people are those who have photosensitive epilepsy. About one in 130 people in Britain

have epilepsy but only three to five per cent of those are photosensitive. A spokeswoman for the British Epilepsy Association said the number of children involved in the Japanese incident made it unlikely that they were all

epilepsy sufferers. More probably they suffered a one-off convulsion as a result of the particular frequency of flashing lights.

The chances of a similar incident occurring in Britain are remote because the Independent Television Commission has rules limiting the use of flashing lights and flickering images. However, several incidents occurred with computer games in the early 1990s, and manufacturers now print warnings.

Somalis wary as breakaway leader offers to resign

The leader of Somaliland, Mohamed Ibrahim Egal, offered to resign yesterday in a letter to the parliament of his breakaway republic in north-western Somalia.

Mr Egal became president in 1993, two years after what had been British Somaliland, until fusion with the independent Republic of Somalia in 1960, broke away from the war-torn country.

The parliament was to meet today to consider the offer which Mr Egal said he made because he did not have the support of members of his government.

But Somalis familiar with the situation say Mr Egal's move may be a ploy to secure his position with even greater powers.

Mr Egal, a former prime minister of Somalia, was re-elected in February. No country recognises Somaliland, which he claims will never be reunited with the rest of the country.

Although its capital, Hargeisa, was largely destroyed by forces loyal to the ousted dictator Mohamed Siad Barre in 1989, Somaliland is considered the most politically stable part of Somalia.

— AP, Mogadishu

Arafat's Authority tortures its people

A damning report by Palestinian human rights investigators yesterday accused Yasser Arafat's Palestinian Authority of routinely torturing its own people and covering up a saga of suspicious deaths.

Citing 18 cases where Palestinian prisoners have died since 1994, the Palestinian Human Rights Monitoring Group denounced the authority for its "failure to deliver promises to investigate; attempts to escape responsibility; callous dealings with the families of the victims; impunity for most of those involved in torture; and silencing the media".

Bassem Eid, the group's executive director, told *The Independent*: "When somebody dies in custody, in only a minority of cases does the Palestinian Authority ever take legal measures to punish the perpetrators or to trace responsibility up the chain of command. It is giving a kind of immunity to these torturers and killers."

One of the report's most disturbing case studies is that of Naled Dahlan, 24, from Zawida, Gaza. When Palestinian security men dumped him 50 yards from his house, he was spewing up blood and shaking.

A relative helped him inside. Before he died, an hour later, he told his family that Palestinian intelligence officers had tried to force him to withdraw a complaint accusing fellow Palestinians, now close to the self-rule authority, of collaborating with the Israelis when he and they were held in an Israeli prison during the intifada.

The Palestinian Attorney-General, Khalid al-Qidra, announced that Dahlan had committed suicide by swallowing pesticide and had left a note explaining why. No note was ever produced, and the night he died security agents raided his house and confiscated a diary in which he had written that his life was being threatened.

Mr Eid made an international reputation investigating Israeli ill-treatment of Palestinians. He switched the spotlight to his own people after Mr Arafat returned from exile three years ago. His group is funded by the European Commission, Canada, Holland and Norway.

Mr Eid himself was detained by Palestinian security men for 24 hours in January 1995. The only good news he reported yesterday was that no human rights activists had been locked up this year. "The Palestinian Authority," he smiled, "has only two more weeks and it will be a first: no human rights activists arrested in all of 1997."

— Eric Silver, Jerusalem

US and Iraq hint at end to their sabre-rattling act

The UN Security Council today hears a report on the visit to Baghdad by Richard Butler, head of the team inspecting suspected Iraqi weapons facilities. It comes amid signs that the US-Iraq stand-off is easing. Mary Dejevsky reports.

Iraq's Deputy Prime Minister, Tariq Aziz, appeared calm and mildly satisfied when he spoke to reporters in Baghdad yesterday, at a press conference conducted partly in English and televised live in the US.

Mr Aziz, who has been Iraq's front man and chief negotiator during the crisis, as he was during the Gulf war, listed several results of Mr Butler's visit that Iraq regards as positive, including a change in weapons-inspection procedures - the issue which sparked the dispute with the US in the first place.

In particular, he said, a new technical commission would be formed to which outside experts could be co-opted, apparently ending the monopoly of the UN special commission on disarming Iraq (Unscom), which Iraq regards as being in the pocket

of the US.

Iraq was also satisfied that, for the first time, Mr Butler had been accompanied by other members of Unscom - the British, French and Russian commissioners - considering, in the words of Mr Aziz, that the meetings had been held "in a

closed room".

Mr Clinton had also mused

on the character of the Iraqi leader, Saddam Hussein, whom he called "clever-crazy" and

who had calculated - wrongly

that he could exploit apparent

differences in the Security

Council to break sanctions.

Anti-force
grows as
nation's

means vote for a new
economy was
brought back from the
edge of collapse by a
new IMF rescue
package. But there
is still a long way to go
towards the
"medicine" is
not yet effective
in all areas. In
addition, the
country's
economy is still
fragile and
vulnerable to
external factors.

Michael Jack
post election

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I hint at
their
ing act

Anti-foreign feeling grows as slump hits nation's self-esteem

Koreans vote for a new president today, after their economy was brought back from the edge of collapse by a massive IMF rescue package. But their attitude towards the Fund's "medicine" is ambivalent to say the least. Richard Lloyd Parry in Seoul encounters the anger of a proud people.

In a bleak quarter of southern Seoul, a man named Park San Kee sits at a desk in a room strewn with electric cables. Mr Park is an unhappy man. The small electronics firm of which he is director is in crisis, and in the last six months he has sacked 15 of his 25 workers. The factory is operating at less than half capacity, and Mr Park is waiting for the cheques to start bouncing.

The price of fuel has gone up at the coldest time of the year, and the cost of imported comforts like cigarettes has soared as the Korean won has shed half its value. But this month the end finally seems to be in sight. Korea has found its saviour, the International Monetary Fund, which has promised to provide some \$60bn to save the crash-

ing economy. Of all people, one would expect Mr Park to be relieved – but it makes him unhappier than ever.

"There is enough money in Korea," he says. "We don't need the IMF. They are the servants of America and Japan – I know it! The results will be very, very bad in the long term." Mr Park is not alone in his loathing for the IMF. Last week in Seoul, demonstrators waved banners denouncing "Japanese colonisation of Korea through the IMF". Cartons of American cigarettes have been burned in the street, and foreign clothes sit unsold in boycotted shops.

"Korea has become the competitor of the western countries," says Mr Park. "They need the IMF to push Korea down."

No nation likes to see its economy go down the toilet – apart from the personal hardships, there is a price to be paid in self-esteem. The sense of victimisation is not unanimous, but it is deeply rooted and present at all levels of society. At the grass roots are Patriotic organisations like the National Alliance for the Unification of the Fatherland which organised last week's big rally against American and Japanese "imperialism". At the other end of the political scale are the country's powerful trade unions who rightly fear the effect restruc-

turing will have on wages and unemployment. Men like Mr Park fear for their businesses; politicians fear for votes.

Even the government treated its talks with the IMF officials more like a rough negotiation between business partners than a request for help by a nation in distress, lying about its banks' debt and delaying a final announcement with last minute "demands". But the most ardent bureaucrats acknowledge that the restructuring being pushed by the IMF is the only way out of an economic dead end.

Koreans are a proud people, but it is a pride compounded with touchiness, xenophobia and self-doubt, the product of an agonising history and a uniquely painful geopolitical division. The country's rise from the literal ruins of the Korean War has indeed been remarkable. But to Koreans, the transformation of Seoul from shanty town to megalopolis is a marvel, semi-divine in nature, "the miracle on the Han River".

Korean touchiness is inseparable from a fierce determination, which has prevented the country from being swallowed up despite centuries of buffeting by greater powers. By rights Korea – invaded throughout its history, cruelly colonised by Japan, divided by

a civil war – ought to be a bitter and broken country. But beneath the pain and embarrassment, there is something close to relish in the struggle ahead. "My workers don't like me, because their work mates have gone," says Mr Park. "But if I hadn't sacked them, we would all have lost our jobs. They say that I am as cold as ice, but our company shall live on."

Michael Jackson gets recruited to boost election campaign in crisis

A long-time dissident is likely to be the winner of today's election. But the election is being fought on personalities, not issues. Richard Lloyd Parry reports.

South Korea's presidential elections were defined, in all their gravity and absurdity, by a surreal encounter last weekend. The occasion was an international video conference organised by Kim Dae Jung, considered most likely to be chosen today as the country's new leader.

As an aspirant president, Mr Kim is naturally concerned about the economic crisis which has beset his country; to address the issue he brought together some of the world's most brilliant men for a meeting of minds. There was the financier George Soros. Then there was Mickey Kantor, a former US trade negotiator. But these were mere warm-up acts for the guest of honour, the man cho-

sen to offer the concluding words of advice on Korea's future direction – Michael Jackson, the moon-walking American pop star.

Nothing could better sum up the atmosphere of the Korean elections than the pairing of George Soros and Michael Jackson. On the one hand, Koreans are voting today in an atmosphere of economic crisis, in which financial melt-downs have been averted only by a humiliating appeal to the International Monetary Fund.

But despite the huge stakes, this has been an election campaign without issues, fought as a battle between personalities with a level of debate about as deep as a Michael Jackson lyric.

Throughout the campaign, high political drama has been overlaid with cynicism so daring as to border on farce. Since early this year, the incumbent, Kim Young Sam, the country's first wholly civilian president, has been a joke leader, hobbled by family scandals and the failure of his economic policies. Almost the only consistent policy

pursued by candidates has been a desire to put distance between themselves and him.

When the third-ranking candidate, Rhee In Je, was reported to have the leader's secret support, it almost scuppered his campaign. The President's chosen successor, Lee Hoi Chang, was so embarrassed by the connection that he changed the name of his party from New Korean Party to Grand National Party – although the party's offices, personnel and organisation remain the same. But the most remarkable act of political opportunism has been perpetrated by Kim Dae Jung, a former dissident and political prisoner who escaped assassination in 1973 at the hands of the Korean CIA (KCIA).

Mr Kim has lost three presidential elections, a victim of regionalism which guarantees his support in his home region of Cholla, but makes it difficult to win support elsewhere. So he has joined hands with another veteran Kim – Kim Jong Pil, the ultra-conservative founder of the KCIA and his long-time tor-

mentor and nemesis. Publication of opinion polls was banned three weeks ago and, although the last ratings had Kim Dae Jung a few points ahead, Mr Lee was catching up.

A Kim Dae Jung victory

would be historic in that no opposition party has taken power in Korea.

On the other hand, at the age of 72, he is the representative of a political generation which many would be glad to have put to grass.

Mr Lee has a bracing reputation for rectitude and incorruptibility – but as leader of the establishment party, he may not be up to the task of taking on the country's vested interests.

In public, the candidates have said little to distinguish them apart, except for last week, when Mr Rhee and Kim Dae Jung briefly flirted with the idea of renegotiating the IMF deal. Their much-hyped television debates have produced little more than personal abuse.

Who will win today's election

is difficult to say. Perhaps the more important question is whether it matters either way.

HOW THE PRESIDENTIAL CANDIDATES LINE UP

The Favourite – Kim Dae Jung
Age: 74.
His birth certificate 72.
National Congress for New Politics



The Challenger – Lee Hoi Chang
Age: 62
Grand National Party



The Outsider: Rhee In Je
Age: 49
New Party by the People



Kim's long political career has matched the political progress of South Korea. As a dissident and radical during the dictatorship of the 1970s and early 1980s he was imprisoned, kidnapped by the secret police and sentenced to death for his opposition activities.

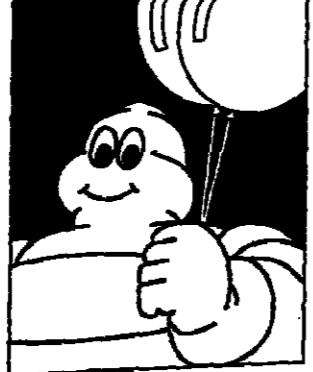
Since the coming of democracy in 1987 he has played down his radical image in an attempt to broaden his popularity, but he has lost three previous presidential elections. Wears a lot of make up to cover his wrinkles, and compares himself to Tony Blair.

Lee is the candidate of the establishment, the product of an élite education who became a Supreme Court judge. As prime minister he enhanced his reputation for integrity after being sacked for standing up to President Kim Young Sam. His setback came earlier in the year when opponents claimed he had used his influence to exempt his sons from military service – but he could easily win today. Only Lee has consistently supported the IMF's restructuring plan, but his backers in the *chaebol* – Korea's giant conglomerates – will pressure him to pull his punches.

If Kim wins today, he will owe victory to Rhee, a former cabinet minister and provincial governor who set up on his own after losing the ruling party nomination. His relative youth and lack of party funding leave with no chance of winning; instead, he is setting out his stall and establishing his identity for future elections.

Rather alarmingly, Rhee compares himself to Park Chung Hee, the assassinated dictator of the 1970s, whose reputation is enjoying a revival – he even changed his haircut to enhance the resemblance and likes to point out that he is the same height as the deceased general.

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Order of the boot: A student practising his footwork during a demonstration in Seoul, the South Korean capital, demanding the resignation of President Kim Young Sam, who is increasingly regarded as a discredited leader

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Coalition survives as France eases strict immigration curbs

The French National Assembly yesterday approved a softening of immigration laws. But Green and Communist members of the governing coalition abstained, complaining the new law was still too tough. John Lichfield reports.

For the second time in a month, the French government emerged badly bruised, but intact, from an emotive debate on the treatment of foreigners. Communist and Green members, who had threatened to defeat their own government by voting against a new immigration law, finally agreed yesterday to abstain, or simply not turn up.

The two debates - the pre-

vious one was on nationality law - have produced the biggest rifts to date in the Socialist-Communist-Green coalition which has been governing France since June.

During the election campaign, all three parties promised to replace the restrictive laws on immigration and nationality introduced by centre-right governments in the late 1980s and 1990s. Hundreds of thousands of people, led by well-known film directors, actors and intellectuals, had demonstrated against a proposed toughening of the laws last March.

Although the Socialists chose their campaign words carefully, the far-left and Greens convinced themselves that victory in the general election meant that the existing laws would be repealed completely. In the event, Lionel Jospin's government proposed relatively modest changes to both.

Under the law approved yesterday - which still has to go to the Senate - it will be easier for migrant workers to bring their families to France, and restrictions on refugee status will be relaxed.

The 10-day debate was an invitation to posturing and demagoguery on all sides. For the "moral" left, anything less than the legalisation of all illegal immigrants was a betrayal. For the centre-right, any weakening of the existing law would open French frontiers to allcomers.

Behind the debate, there loomed the spectre of the far-right National Front. The government accused the centre-right of playing the NF game by opposing the new laws, while the right accused the government of deliberately reopening the NF's favourite subject, in order to swell the far-right vote, and limit the centre-right vote, in regional elections in March.

Neo-nazi research group 'given £75,000 by EU'

A shadowy neo-Nazi group researching eugenics has received a large subsidy from the European Union, it is revealed in today's edition of the German weekly *Die Woche*.

According to the paper, the German-based Society for Biological Anthropology, Eugenics and Behavioural Research collected £75,000 in October last year from the EU's agricultural fund.

The group is led by Jürgen Rieger, a registered neo-Nazi who organised a week-long gathering of right-wing extremists in the central German village of Hetendorf as recently as the summer of this year. The

society claimed the funds for their farm in southern Sweden, where they say they are studying and practising "ecological agriculture".

The Swedish press has in the past reported on the group's activities on the farm, which is believed to be the training ground for Rieger's storm-troopers. But the Swedish government, which dispensed the EU money, argued that Rieger's flock had not committed any crime.

"It is not forbidden to farm," a Swedish official told *Woch*. "As long as they stay within the law, there is nothing we can do."

The latest revelation comes in the wake of reports exposing

German government links to the extreme right. After initially attacking the defence ministry, the German establishment is leaning towards the charitable view that it was one big mistake.

The defence minister, Volker Rühe yesterday visited one of the barracks at the centre of one recent scandal. Admitting there were "deficiencies in political awareness in the army", Mr Rühe pledged more political education for soldiers.

Parliament has meanwhile launched an inquiry into the neo-Nazi incidents uncovered in the armed forces. The inquest will open next month.

— Imre Karacs, Bonn



Winter coat: A dog dressed up to resist the unusually cold weather that has struck Moscow makes an appearance at a tourists' market. Photograph: Sergei Teterin/Reuters

Britain sets out children's role in EU presidency

Britain gave its presidency of the European Union a flourish yesterday, unveiling a number of projects intended to help young people to get involved.

The schemes would allow children to become an ambassador for a day, stage a catwalk fashion show, or play football in Europe.

Doug Henderson, minister for Europe, Tess Blackstone, education minister and Chris Rogers, from BBC's *Newsround*, launched the schemes at Deptford Green School, in New Cross, London.

"The key to getting young people to understand Europe is for them to experience and learn about it at first-hand," said Mr Henderson.

The Government has already chosen a logo for the presidency - which starts in January - designed by children from across Europe.

The initiatives are:

■ Ambassador for a day: The 100 winners of this competition

for more details see the Foreign and Commonwealth Office web site: <http://presid.fco.gov.uk>

Le Pen under fire over Holocaust comments

Paris prosecutors have opened an investigation into Jean-Marie Le Pen, the controversial leader of France's National Front party, for repeating his view that gas chambers were a "mere detail" of the Second World War. He was speaking in Munich on December 5th.

— Reuters

Ruling on Bosnian genocide

A dispute over Serbia's role in the Bosnian war has been widened to include Belgrade's claims that Bosnia committed genocide against ethnic Serbs, the World Court said. The court ruled admissible a Serbian counter-claim that "Bosnia-Herzegovina is responsible for the acts of genocide committed against Serbs in Bosnia," while not judging the claim.

— AP

Poland confirms abortion law

Poland's parliament endorsed a high court's decision overturning a liberalized abortion law. The vote reinstates strict abortion rules introduced in 1993.

— AP

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of year
i could
really do
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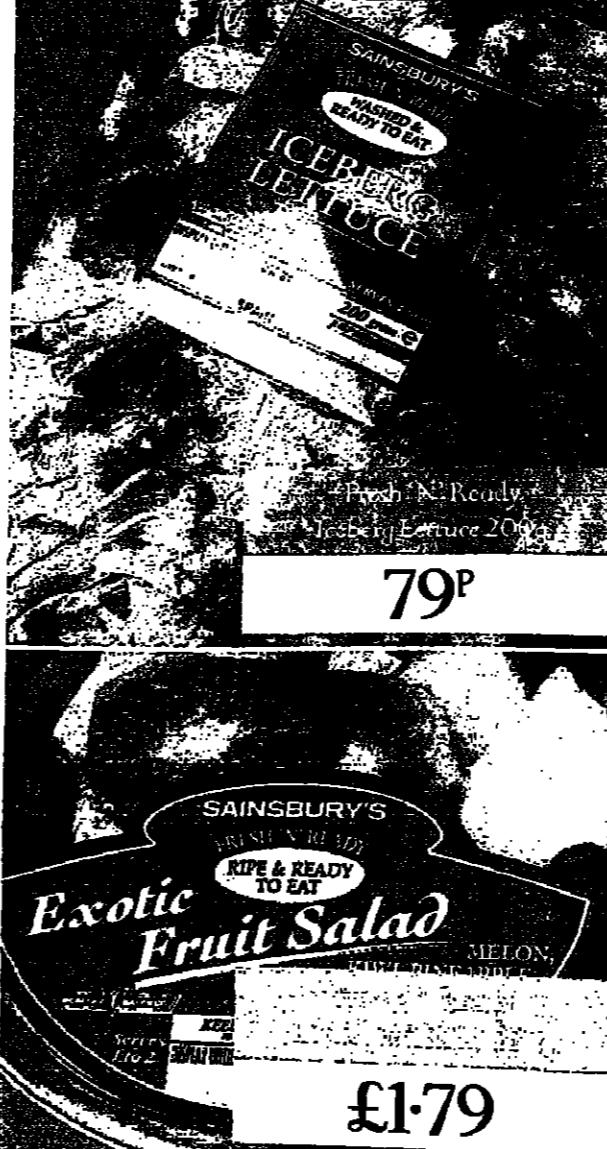
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19/ARCHITECTURE

Habitat man is not quite what you might expect

On 5 January Tom Dixon takes over as head of Habitat's design studio. He may be a young man in a hurry but, pertinently for Habitat customers, certainly not a young man in a dhrurie. His designs are at the cutting edge but, says Nonie Niesewand, he would like to see them cutting or edging their way into ordinary houses everywhere.

The maverick young British designer Tom Dixon is about to become, if not a household name, a sort of household god. As the man who heads the design team at Habitat, he, along with their head of design in France, will choose the look that you see in the high-street stores and catalogues on both sides of the Channel. Between them they are responsible for choosing over 4000 products. It is a smart move from a company reinventing itself for a middle market in the next millennium – and a challenge for the 38-year-old furniture and light designer who has never held a company job.

Flick through any fashionable house and garden magazine and you will spot a Tom Dixon design. The slinky "S" chair with cane wrapped around a cobra-strike of metal that the Museum of Modern Art in New York has put in its permanent collection. His spiky light which looks like a Skyline.

The soft-glowing lamp that doubles as a stool (he calls it a Jack because it is six pronged, as in children's throwing jacks).

The reasons the Jack appeals to universality is because it's mathematically correct. The stellation of a cube – Islamic, Celtic, the proportions are the same." It's typical of this designer to make something so carefully worked out be so playful in its appearance.

Though you may not guess it at first glance, there are, in Dixon's story so far, echoes of William Morris at the turn of this century: a designer with a mission to offer affordable good design for all, and failing. Morris failed because his Utopian ideals were far too elitist. Tom Dixon failed through successive attempts to kick-start a British manufacturing industry.

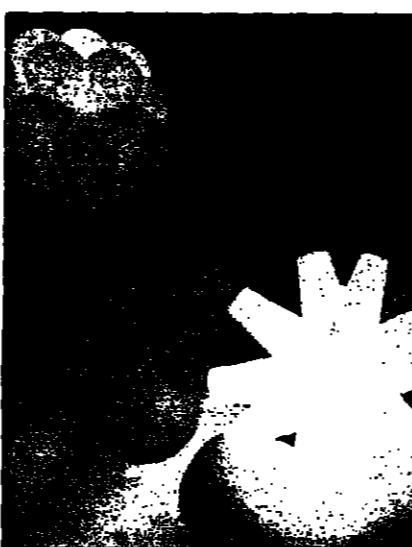
Dixon has a lot of talent – and a lot of passion – for making good design available to all.



The zeal he has for affordable, well designed, everyday things is quaintly old fashioned. He shares a West London house with his partner Claudia and his two daughters (it was Tom who pioneered the designer baby as the ubiquitous accessory at parties six years ago). Bare boards, white walls, good fireplaces and a dozen lime green Eames chairs that the children and everyone else uses as props for climbing, pushing, shoving and larking about furnish the house – plus a perspex table or two.

It's far removed from Habitat's world, but his choice will be popular because he's so good at tapping into mass market needs. Early Tom Dixon pieces sometimes turn up at auctions, sometimes made from coal-hole covers and industrial offcuts he found in skips. "I earned £15 for a kitchen chair on which you sat on a frying pan."

His first big breakthrough was when the Italian manufac-



turers Cappellini put into production the "S" chair for which he is now famous. He made the original with rubber tube cut into strips and run around the steel frame – a commercial disaster. Cappellini pioneered the rush version and it is one of Tom's regrets to this day that it is an elstic chair costing nearly a thousand pounds. "I'd have found a source in the Philippines by now to make it less expensive," he says.

In truth he had difficulty mainstreaming his brilliant designs throughout the Eighties. He founded Space, which was a design company and shop which he sold eighteen months ago to form Eurolounge, a studio with a shop front in All Saints Road in Notting Hill.

He was going to launch the first product that he made for

sold like hot cakes. "Everyone else was playing safe," says Dixon, "that replay of the Fifties and Sixties that they call the 'Wallpaper' look." By the end of 1997 he had sold over 3,000 Jack lights and rented an air-conditioned hanger in Norfolk to stock the design. No more bubble wrap and hand-to-mouth existence. Then Habitat came along with the offer he couldn't refuse – to be responsible for their look.

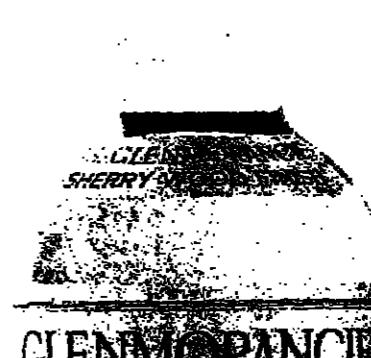
From the early Seventies, when Terence Conran founded Habitat with an easy going lifestyle of chicken bricks and pine flat-pack furniture and modern Italian lights. Habitat has been the comfortable middle income market. In the Eighties, storehouse board wrangles saw Conran leaving to begin empire

building in London with restaurants and the Conran shops. A young Milanese, Vittorio Radice, turned around the Habitat fortunes in the late Eighties and was then taken on to do the same thing at Selfridges. The group had an uncomfortable time in the late Eighties as style overcame content. You bought a lifestyle along with a fully stretched power-dressed look.

As Habitat dressed down, it began to clone itself in characterless little ways. My house was the source of a Habitat shoot with photographer James Merrell. When I looked in the catalogue, I couldn't find it – every house looked the same: white walls, beech floored and oh-so-anonymously furnished by the Habitat style team with the ubiquitous dhrurie, blue-and-white check throw, pail full of white flowers, and blinds. So Tom Dixon's arrival will be a good thing.

Dixon's six-armed Jack: it's a light and you can sit on it, and his spiky light – don't sit on it Andrew Buurma

Citric fruit and nuts with a layer of honeycomb in the background followed after a moment by vanilla and caramel. Full bodied, even and creamy, with a subdued sweet flavour at the outset and a light and dry finish.



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GLENMORANGIE WOOD FINISHES
For those who nose.

House of the future? Straw, bamboo and cybertronics

The building ideas for the millennium and beyond come from the millennium before, says Nonie Niesewand. Well some of them.

The hard-core hard-hat industry trade fair is about the last place you'd expect to find a hay bale billed as a building material of the future. Huffing and puffing engineers, builders and architects cracked the jokes about three little pigs and the

wolf who blew down their house to architect Jeremy Till perched upon hay bales. But he has the last laugh. Islington council gave him and his partner, architect Sarah Wiglesworth, planning permission to use hay as an insulation

material in their conversion of an old industrial building in north London. They also built an acoustics wall made of sandbags filled with sand and cement, bought from a fire protection firm. It cuts the noise from the railway running alongside one wall of the building. There's a turf roof – slightly tilted for drainage – upon which strawberries will grow.

Arabs discovered centuries ago

but, as he explains, "When my new client is a loss adjuster, I must be doing something right."

Doing something right – ie environmentally friendly and cost effective – is the big issue.

When anyone in the Gates

household gets a phone call, only the phone nearest the person will ring. Information is beamed up on the console screen. He calls it the house that tracks its occupants.

Now for the hardware,

which was easier for the build-

ing industry to wrap their heads around. Chipboard is stronger,

capable of covering bigger spans, with glues between the off-cuts instead of synthetic resins.

A group of architects are

building the Utopia pavilion at

Expo '98 with this wooden chip-

board. Cement, which weathers

so badly that Richard Rogers

had to come up with a master-

plan at the South Bank to put

all that concrete under a wavy

glass roof, gets a face-lift with

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turing process so that it weathers

well. Even better for bridge

builders – it doesn't drop off

steel frame structures. Solar

roof panels – metallic, looking

like jade and amber and agate

– will make roofs more colour-

ful at the same time as making

buildings absorb energy through

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teresting about these proposals

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bamboo shoots in geometric

shapes for the building indus-

try is weird.

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Arabs discovered centuries ago but, as he explains, "When my new client is a loss adjuster, I must be doing something right." Doing something right – ie environmentally friendly and cost effective – is the big issue. When anyone in the Gates household gets a phone call, only the phone nearest the person will ring. Information is beamed up on the console screen. He calls it the house that tracks its occupants.

Now for the hardware, which was easier for the building industry to wrap their heads around. Chipboard is stronger, capable of covering bigger spans, with glues between the off-cuts instead of synthetic resins. A group of architects are building the Utopia pavilion at Expo '98 with this wooden chip-board. Cement, which weathers so badly that Richard Rogers had to come up with a master-plan at the South Bank to put all that concrete under a wavy glass roof, gets a face-lift with carbonation in the manufacturing process so that it weathers well. Even better for bridge builders – it doesn't drop off steel frame structures. Solar roof panels – metallic, looking like jade and amber and agate – will make roofs more colourful at the same time as making buildings absorb energy through every exposed face. What is interesting about these proposals is that they come from a civil engineering and construction base. This isn't a computer-aided design fantasy for the next century that projects wacky furniture and smart ideas that involve inflation, space launching and techno materials we haven't even heard of. Growing bamboo shoots in geometric shapes for the building industry is weird.

Another green builder, architect Neil Winder, built his house in East Anglia – and a neighbouring farm – with reedbeds that naturally filter used water from the house ("grey water" from sinks, washing machines and baths rather than lavatories). Just as the Marsh Arabs discovered centuries ago but, as he explains, "When my new client is a loss adjuster, I must be doing something right." Doing something right – ie environmentally friendly and cost effective – is the big issue. When anyone in the Gates household gets a phone call, only the phone nearest the person will ring. Information is beamed up on the console screen. He calls it the house that tracks its occupants.

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South Africa's future lies in capitalist growth, not Marxist rhetoric



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Mbeki no bogeyman

Sir: It is hard for anyone to succeed. President Nelson Mandela. Although once vilified by most of the South African press, he is now, as Mary Braid points out in her article (17 December) "warm, saintly and charismatic" as well as a "lovable demi-god".

What a contrast to his heir apparent, Thabo Mbeki. Ms Braid obviously could not arrange an interview with him - "a man we do not know", "a mysterious matchstick man" whose "politics are largely unknown" and whose "private life is a complete mystery".

But in quoting rumours about "the diminutive Mr Mbeki, always beautifully turned out but oh so dull to listen to" she cites various unsubstantiated charges of Machiavellian behaviour and tags him with words like "bogeyman", "plotting", "hostility" and "persecutor".

I met Thabo at anti-apartheid meetings in London when he was a young law student. He used to come home and eat with my wife and me and play with our children. He was one of the sweetest men I ever met - intelligent, articulate, funny, compassionate and an imaginative lover of the arts.

Now he is about to take on one of the hardest, most complex and important jobs in the world. Already he is being demonised. We should judge him by his actions, not by poisonous rumours. For the love of South Africa, let's give him and his great country all the help we can.

ADRIAN MITCHELL
London NW5

Nuclear future

Sir: In setting legally binding emissions targets, the Kyoto Protocol achieved what could be described as "mission impossible". Reconciling the long-standing differences between the US, the EU and Japan is nothing compared with the challenge ahead as governments wrestle with the question of how to deliver the reductions in greenhouse gas emissions.

The nuclear industry can provide part of the answer. In 1996 UK nuclear power stations saved tonnes of CO₂ or the equivalent of about one third of the emissions from Britain's road vehicles. Nuclear energy deserves support and encouragement for mitigating climate change.

Only Mahatma Gandhi's reputation comes close, this century, to the towering moral stature of Nelson Mandela. And Gandhi's name had the advantage of his death in 1948, just months after India's independence. Like Gandhi, Mr Mandela acted as a figurehead for a movement of national liberation, but then he went on to assume responsibility for the political leadership of the nation made free.

In his struggle, his imprisonment and the dignity with which he emerged from it, Mr Mandela earned our admiration and respect. In his presidency of the new South Africa, he earned our gratitude and awe. With his white counterpart, FW de Klerk, whose contribution also deserves to be remembered, he held together the handover from minority to majority rule, a process which could easily have descended into mayhem.

It is one of the hardest tasks of leadership, however, to safeguard your legacy without stifling your successors. Ensuring an orderly transition to an able successor

may be a second-order test of a leader, but the skill with which Mr Mandela has handled it has nevertheless been impressive again. Thabo Mbeki has in effect been running the country for some time, so the transition will be smooth. This was effectively confirmed by the African National Congress at Mapikeng yesterday.

But there was cause for alarm in Mr Mandela's speech on Tuesday. It was not simply the length of it, at four-and-a-half hours, although that was ominous. Nor was it, ultimately, the attack on South Africa's free press and the warning of a white conspiracy against the new social order, paranoid though they were. In a sense, Mr Mandela is right to complain that white attitudes have not adjusted to the revolution. However unwilling Winnie was to face the truth at the Truth and Reconciliation Commission, at least she was there, while most of the white defenders and enforcers of the apartheid system refused to attend. Mr Mandela may even be right that some whites are hell-bent on armed resistance

and subverting the South African state - which, incidentally, has probably the most liberal and democratic written constitution in the world.

The echoes of Robert Mugabe's plaint against whites and a free press sent a shudder down the spine, as our correspondent reported yesterday. But it would be a serious mistake to predict, as some of Britain's right-wing press did yesterday, that South Africa was embarked on an inevitable course towards a one-party state.

There is a double confusion in this view. On the one hand, South Africa is judged according to the standards of mature western European democracies, when in fact it should be seen as a society in transition and under great stress. On the other, it should hardly shock any European that a party leader will rouse his own faithful with a ferocious speech at a tangent to public policy.

One of the biggest problems Europeans have with South Africa, as the British did with India, is that they think of it as a Euro-

pean culture that happens to be located on another continent in another hemisphere. In South Africa, not just the history but even the landscape and the climate are European. But the first prerequisite for understanding South Africa is to remember all the time that it is African. It is a big, diverse country, containing several strong African cultures, which united in the ANC to liberate themselves.

And the ANC grew up in exile, in prison and incommunicado, adhering to a dated Marxist theology which remains central to its identity. This was the most worrying aspect of Mr Mandela's speech, reflected in its Stalinist length: that so much of it was framed in the context of the forward march of international labour, and other such antiquated gibberish.

If the new South Africa is to succeed, it must throw off this meaningless dogma. Mr Mbeki has many good qualities (quite properly detailed below in a letter from the poet Adrian Mitchell); but the one criticism of him that carries weight is that he

is too wedded to that irrelevant revolutionary ideology. The ANC's white critics are right to this extent: a successful future for South Africa's blacks rests on economic growth as much as on political stability. This will not be secured by answering every demand from the shanty towns. It depends on two things: ruthless suppression of the crime wave, combined with an intensification of the crusade to educate the black population, so that their economic enter-

prises can be released. That means that both whites and blacks must accept things they do not want to accept. Whites have to accept that their well-maintained public services will deteriorate: roads will become crowded and potholed, clean and spacious airports will no longer be swept every half hour; but blacks have to come to terms with the fact that the ANC will not provide milk and honey for all. The frustrations of the mass of the population cannot be appeased by Marxist jargon: they have to be channelled into capitalist growth.

LETTERS



Improvements in nuclear productivity since 1990 - together with the switch from coal to gas - have greatly assisted in reducing the electricity sector's carbon dioxide emissions. This has enabled the UK to be among the handful of countries on target to achieve their voluntary Rio commitment.

In Europe, nuclear energy accounts for approximately one third of the electricity demand, saving the emission of 700 million tonnes of carbon dioxide - equivalent to removing all of Europe's private cars from the roads.

The fear is that this short extension to June will result simply in a delay in the declaration of redundancies until after the date when entitlement to enhanced severance pay has lapsed. When the coal industry was privatised in 1994, previously discretionary redundancy terms in the industry became the subject of a formal contract. This is due to expire at the end of March 1998, simultaneously

with the coal supply contracts.

As things are, the extension of the miners' employment could mean that they earn substantially less than they will lose by forfeiting the entitlement to appropriate compensation for the loss of their jobs.

KEN COATES MEP
(Nottinghamshire North and Chesterfield, Lab)
Mansfield, Nottinghamshire

Police complaints

Sir: You report (15 December) Home Office figures on police complaints that are in our view misleading.

The total complaints (36,000) include the majority which are resolved informally, withdrawn or cannot be investigated due to lack of co-operation from complainants. The discipline figures that you quoted omit most of the action taken during the year.

Your figures present a different picture. In the year ending in March, 5,005 cases were

fully investigated. These resulted in 235 formal disciplinary charges and in addition 1,018 officers received warnings or admonishments.

Thus on average one in four cases of complaint led to disciplinary action, as opposed to the one in 400 you report. I would dispute the Metropolitan Police figures being lower than the national average. Last year 957 cases led to 329 formal or informal disciplinary actions, a ratio of three to one.

Your leading article (16 December) draws conclusions from the misleading figures. However, I do most strongly agree with you that officers who are rude or threaten members of the public do untold damage. In our latest annual report the Police Complaints Authority warned the police service about this problem, which can turn natural supporters of police into opponents. PETER MOORHOUSE

Chairman
Police Complaints Authority
London SW1

Feeding the bug

Sir: Apparently, there are not enough IT skills available to address the "millennium bug" in good time. The response of the European Union is to rush into the single currency in 1999. This compounds the demand on IT resources, even in non-EMU states such as the UK.

Now our government proposes to introduce its latest punishment of the prudent, the Individual Savings Account, in 1999. This will create still more demands for IT system amendments on financial services providers and on government departments. Gordon Brown's timing of this innovation is stupid and irresponsible.

M J KNIGHT

Slough, Berkshire

Dangers in hospital

Sir: Last week the House of Commons Public Accounts Committee warned that hos-

pitals were dangerous places for patients, staff and visitors because of the low level of compliance with health and safety legislation (report, 13 December).

For too long the NHS Executive has been in ignorance of this intolerable situation. The level of complacency over implementing the 1974 Health and Safety at Work Act in hospitals is breathtaking.

It is scandalous that the NHS Executive is not accountable in law for the implementation of every aspect of health and safety legislation throughout the NHS. In view of the appalling situation exposed by the Public Accounts Committee, it is surely now time to identify a member of the NHS Executive who would become ultimately accountable for breaches of statute.

Dr JOSEPH L KEARNS

Occupation Health Committee
British Medical Association
London WC1

'Political' adverts

Sir: John Rentoul ("Now for a short break from free speech", 15 December) criticises the Independent Television Commission for banning the Christian Aid advertisement advocating the cancellation of Third World debt.

He goes on to say that "clearly" it would be wrong for the Trades Union Congress to be allowed to produce an advertisement supporting, say, the Liberal Party. Why is this so clearly wrong? We are all familiar with the excesses of political advertising in the US, but this stems from the strength of freedom of speech enjoyed by Americans, the same freedom (lauded in John Rentoul's article) which makes it possible for concerned people of all kinds to pay to collectively for a TV advertisement stating their case.

True freedom of speech is only possible when granted to all - rich people, poor people, politicians and soap makers. If the TUC can place political advertising on TV, I will rejoice to see true freedom of speech in this surprisingly repressive country.

JUSTIN KEERY
London WC2

Sir: I am glad that Louise Jury and John Rentoul highlighted the absurdity of the ban on Christian Aid's television advert. I find TV commercials which advocate capitalist consumerism politically controversial and unacceptable but I put up with it all the time.

ANDREW PRING
Bradford, West Yorkshire

Violent bias

Sir: Suzanne Moore (article, 12 December) takes a dim view, no doubt rightly, of posters for The Prodigy's single "Smack My Bitch Up" which would appear to encourage violence against women. She is scornful of attempts to defend this marketing ploy on the grounds of it being just a bit of ironic fun.

As for adverts which portray and encourage violence against men (14 November) - well, these are "a cheeky giggle" and there are not "anything like enough of them".

Sexual equality? I just don't get it.

EDWARD CRABTREE
Leicester

Beware naff
New Labour



JOY
JOY
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Gerry and the shoplifters: the scam that went horribly wrong



MILES
KINGTON

Starting today: a brand new business story, set in the remorseless world of retail shopping!

The Atrium was the name of the brand-new gleaming shopping mall in town. It didn't call itself a mall, which was felt to be a bit down-market (it called itself 'The Shopping Experience'), but that was it, an American-type shopping mall under glass. It was like a greenhouse, except that instead of tomatoes and grapes it grew only boutiques and exciting food shops - yes, thrilling little greetings-card shops, toy shops, kitchen shops, candle shops, and so on. And that was not all. There were also shoplifters, and security men.

The security men were meant to catch the shoplifters. But they didn't have much luck. "We're not catching many shoplifters, Gerry," said Don. Don was the general manager of The Atrium. Gerry was the head of security. "OK, I grant you that some shops have had bad experiences," said Gerry, "but a lot of them have a clean bill of health, never seen a shoplifter, never complained of shoplifting." "Of course they haven't," said Don. "That's because they only sell cards and candles. They have mums and dads same as the rest of us, and need candles. They have birthday cards. I think it's to our credit that no cards or candles have been lifted."

Gerry said Don. "I want the volume of shoplifting to drop! The shoplifters are breathing down my neck. They want to know why your security men aren't nicking more shoplifters. So do I." "Well, Don, it's partly because my security men walk up and down importantly all day with their walkie-talkies but people deep down don't believe they could arrest anyone. They need credibility." "Then get them credibility!" As Gerry walked back from

the meeting he felt bruised. But he also felt the germ of an idea. If people saw his security guards arresting people and dragging them off, it would send out a message to the shoplifters. Maybe, if he laid on a few fake shoplifters ... And that is how Gerry came up with the idea of hiring an actor to masquerade as a shoplifter. This was the scenario. Actor runs dramatically along the main glass corridor of The Atrium, pursued by two security men. He bursts out of the building, but the brave guards bring him back. Bully for them, thinks the public. This is bad news, think the shoplifters ... Back in the security office, men let man go, handshakes all round, you were marvellous,

darling, etc. And so it came to pass. Gerry hired a half dozen actors who a) had no work; b) looked somewhat villainous, or at least hopeless; c) could run quite fast; d) were not from the area, so would not be recognised as out-of-work actors. And he coached them in the art of running away from his security men. "That's all you have to do!" Gerry told the first actor, whose name was Lenny. "Leg it out into the street! Let the men overtake you! Be apprehended and come back looking crestfallen and thoroughly ashamed of yourself! Then you can change and go." "And how do you want me to motivate myself?" said Lenny. "Stop thief!" behind him. What was not pre-arranged was that, before the real security men could catch up with the pretended thief, a genuine member of the public should heroically leap forward and go on the attack.

Not against Lenny, whom he saw as the victim, but against the two security men, whom he managed to disable, while Lenny got clean away with the jacket.

As a PR exercise, it was a disaster.

"As a PR exercise, that was a disaster," Don told Gerry at the post-mortem.

How will Gerry bounce back? Read tomorrow's thrilling denouement!

مكتبة الراحل

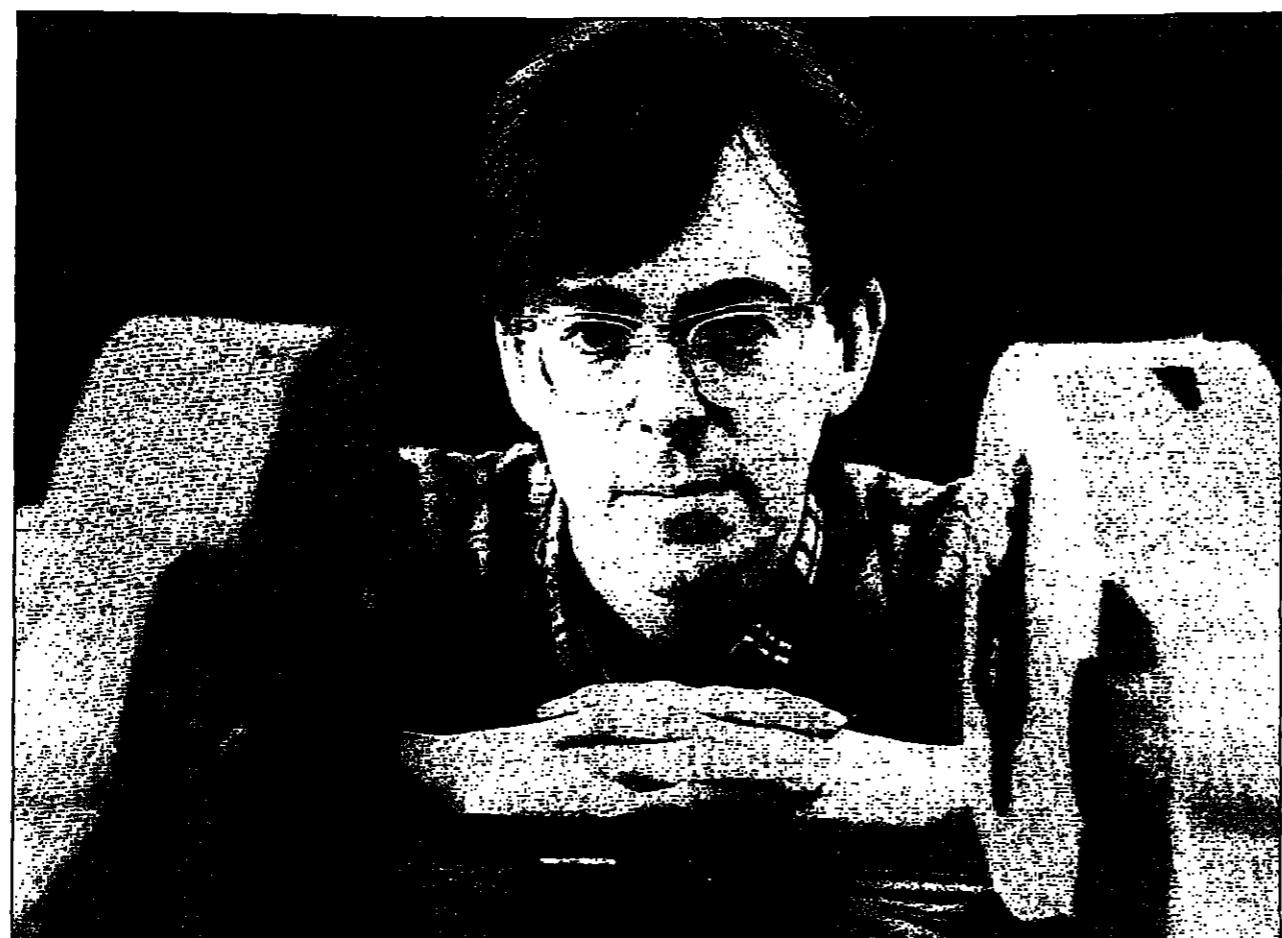
Simon Jeffes

Simon Jeffes, composer; born Crawley, West Sussex 19 February 1949; (one son); died Taunton, Somerset 10 December 1997.

Played repeatedly, the use of a specific track on a television commercial can destroy any enjoyment the casual listener might have originally derived from the music. The work of the Penguin Café Orchestra, founded by Simon Jeffes, was one of the few exceptions to that rule. Their soothing and enticing tracks benefited from being heard over and over again and contributed greatly to the impact of the adverts they were featured in.

The beautiful "Music for a Found Harmonium" was thus wonderfully effective in the 1987 television campaign which followed a few months after the launch of the *Independent*. Jeffes's compositions backed the advertisements for Hobnobs biscuits, the Eurostar service ("Perpetuum Mobile") and IBM computers; currently, "Telephone and Rubber Band", with its puzzling symphony of tones, forms a part of the puzzle of the Mercury One-2-One campaign.

But there was a lot more to Simon Jeffes's talent than backing tracks for television commercials. At the helm of the Penguin Café Orchestra, he transcended musical genres and broadened the listening perspectives of many people. Yet this classically trained musician was also a catalyst in some of punk's more unlikely developments of the late Seventies.



Jeffes: eclectic and internationalist

Photograph: Leon Morris / Redfens

Jeffes was born in Sussex in 1949. He spent a few years of his childhood in Canada before returning to England with his family and attending school in Devon. At the end of the Sixties, he studied classical guitar at the Royal Academy with Julian Byzantine and Gilbert Biberian and occasionally played in avant-garde ensembles like the Omega Players.

He was already dabbling in

experimental composition, but his musical outlook completely changed within a couple of years. In 1972, Jeffes travelled to Japan and was much taken by the minimalist style of the local players. On his return, he went on holiday in the south of France and suffered from a bout of food poisoning. As the story goes, he lay down on the beach to rest and a poem came to him as he drifted in

and out of his daydreaming state. "I am the proprietor of the Penguin Café. I will tell you things at random," was what Jeffes had scribbled. The idea of the Penguin Café Orchestra began to germinate in his head.

Further seeds were added the following year by a friend who gave Jeffes a tape of African recordings. Fifteen years before Andy Kershaw,

Charlie Gillett and Paul Simon championed the cause of Burundi drumming; the improvement in style and content was noticeable between the band's chesey "Young Parisians" and the more muscular "Kick", "Zerox" and "Dog Eat Dog". When Adam Ant's backing band departed to form the nucleus of Bow Wow Wow in 1980, Dave Barba's tribal drumming and Jeffes's influence as musical director were still at the core of

As the punk sell-out continued, Jeffes taught Adam and the Ants the delights of Burundi drumming; the improvement in style and content was noticeable between the band's chesey "Young Parisians" and the more muscular "Kick", "Zerox" and "Dog Eat Dog". When Adam

Ant's backing band departed to form the nucleus of Bow Wow Wow in 1980, Dave Barba's tribal drumming and Jeffes's influence as musical director were still at the core of

the future).

The

following year, Jeffes's

classical training stood him in good stead when he wrote full

orchestral arrangements to

eight of his compositions which the Royal Ballet used to stage

Still Life at the Penguin Café.

Choreographed by David Bintley, the production proved a

great success and further enhanced Jeffes's status in the art world. The Penguin Café Orchestra grew in popularity around Europe and the 1988 live album (recorded at the Festival Hall in London) was ironically called *When in Rome*.

Jeffes then went back to some of his unusual roots and worked with Ryuichi Sakamoto and Baaba Maal. The 1993 album *Union Call* saw him drift in the violinist Nigel Kennedy, with Kathryn Tickell on the Northumbrian small pipes in joky reworkings of some traditional American melodies on *Discover America*.

Having re-recorded some of his favourite tracks on *Concert Program* (1995), Jeffes moved to Somerset. With his partner Helen Liebman, he built a new studio and began working on new material. Even when he realised a year ago that he had a brain tumour, and when his speech and sight were affected, he carried on developing new ideas. *Preludes, Airs and Yodels - A Penguin Café Primer*, a fine collection released last year, put the Penguin Café Orchestra's pervasive influence on ambient, new age and trip-hop into perspective.

With the Orb's Alex Patterson, at the mixing desk, "Music for a Found Harmonium" became the trippy "Pandaharmonium", while, in the dexterous hands of the Irish folk musician Patrick Street, the same track took on a completely different flavour.

Simon Jeffes, that most

international and eclectic of

English composers, died just that way.

- Pierre Perrone

Lord Wilson of Langside

Henry Stephen Wilson, lawyer and politician, born Glasgow 21 March 1916; called to the Scottish Bar 1946; Advocate-Depute 1948-51; Sheriff Substitute for Greenock 1955-56; for Glasgow 1956-65; QC Scotland 1965; Solicitor General for Scotland 1965-67; Lord Advocate 1967-70; PC 1967; created 1969 Baron Wilson of Langside; Director, Scottish Courts Administration 1971-74; Sheriff Principal of Glasgow and Strathclyde 1975-77; married 1942 Jay Waters (died 1996); died Glasgow 23 November 1997.

"When you have given yourself up for dead on the beach at Anzio as I did, thinking there was no hope after I had been wounded, you do not succumb easily to pressure. If you live on borrowed time it toughens you up." And Harry Wilson was very tough indeed, physically and mentally and in his relations with people who he thought were not doing what he conceived to be the right thing.

At the Perth conference of the Scottish Conservative Par-

ty in 1968, Ted Heath decided to set up a committee to consider Tory proposals for a Scottish assembly. Devolution had become fashionable. The Tory high command announced that Lord Avonside, a court of session judge – as former Lord Advocate, Ian Shearer, Lord Avonside, as a very considerable lawyer.

Years later Wilson was to display the same relentless obstinacy in 1978-79 when he opposed the setting up of a Scottish assembly. He referred to "the influence of the fanatic Left and the blatant dishonesty of the Labour Party's devolution campaign" as the main reasons for his decision to support the Conservatives at the 1979 general election, which he did, seated between Teddy Taylor, the then Shadow of State Secretary for Scotland, and the late Lord Goold, then head of the Tory party's main Scottish policymaking body.

His action immediately produced a scathing response from the Labour Party. "Who is Lord Wilson of Langside?" demanded Mrs Helen Liddell, now Economic Secretary to the Treasury, then Secretary of the Scottish Labour Party, when told of his decision. In a reference to Wilson's chairmanship of the "Scotland Says No" campaign in the devolution refer-

endum of 1979, Liddell added. "He seems to have been keeping bad company of late."

The point about Wilson is that he would judge everything on the basis of what he saw as its merits, and after Anzio he couldn't give a proverbial damn what company he kept.

Henry Stephen Wilson was the second of the four children of James Wilson, Solicitor Scotland for the Old London, Midland and Scottish Railway Company. He went to school at one of the most rigorous secondary schools in Britain, the High School of Glasgow, with its tradition of Latin, Greek and mathematics.

His studies were just completed at Glasgow University's Law School when the Second World War broke out, and he volunteered as a private. He met another private who had also volunteered, the son of an Ayrshire railwayman by the name of Willie Ross; the friends were commissioned at the same time into the Highland Light Infantry. More than a quarter of a century later it was Willie Ross who made the outwardly surprising choice of Wilson as Solicitor General for Scotland, and it was he who persuaded Harold

Wilson to make his army friend the first Lord Advocate to sit in the House of Lords since the 1707 Act of Union.

On leaving the Army, Wilson was called to the Scottish Bar in 1946. In 1948 he got his first foot on the ladder becoming Advocate-Depute at the Crown Office until 1951 when he left the practice of the Bar, specialising in employers' liability.

This was a recommendation for the Dumfriesshire Constituency Labour Party to choose him as their candidate in 1950 (it was an unwinnable seat) and for the West Edinburgh Labour Party, which was not a hopeless seat, to choose him in 1951. Out of loyalty to the party, knowing that there was again no chance of beating the popular Conservative minister Niall McPherson in Dumfriesshire in 1955, he agreed to be the token standard-bearer.

Assuming that politics had passed him by, he accepted the post of Sheriff in Greenock and then for a decade in Glasgow. He was genuinely astonished when his old friend Willie Ross, a man of incorruptible judgment, asked him to be Solicitor General on Lord Stott's going

to the bench. Wilson was promoted and became Lord Advocate in 1967. Created a life peer in March 1969, Wilson made his maiden speech to the Lords on his subject of expertise, employers' liability, on 1 May 1969.

His pawky sense of humour went down well and was encapsulated in his maiden speech. "I can think of three reasons for supporting the Employers' Liability Bill. First, because of the advances and developments in the fields of law, known in England as tort and in Scotland as reparation, have emerged from notable decisions of your Lordships' House in Scottish appeals."

Because Wilson was a friend of mine and was going to make his maiden speech I was present and saw the twinkle in his eye:

There was, of course, the classic case of the decomposed snail which floated out from the dark opaque glass bottle of ginger beer where it had been lurking unseen. This incident all started simply enough of a peaceful summer's night in the Scottish town of Paisley, when a simple Scottish housewife sought a modest refreshment in a little cafe, and ended in your Lordships' house as a historic judgment in the law reviews, as *Douglas v Stevenson*.

Harry Wilson was the first to conduct a serious argument

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that the Shireval Bench should be a preparation for becoming a judge of the Court of Session, which, until recently, drew all its members from the Faculty of Advocates. My last contact with him was some months ago when he expressed the greatest gloom about relations between Scotland and England following the referendum result. He wondered sadly where an English backlash would lead.

- Tam Dalyell



Wilson: heavyweight with a light touch

BIRTHS, MARRIAGES & DEATHS

DEATHS

DEATHS: Grizel Hester (Gilia), On 10 December peacefully in her son's arms, aged 93. Wife of the late Byrne, mother of Ann and Keith, grandmother of Robert, Jonathan, Jamie, William and the late Tom, and great-grandmother of Matilda, Helen, Emma, Joseph, Georgia, James and Lucy. Information as to funeral arrangements from R. & H. Barker (Funeral Directors), Didsbury. Tel: 01335 510033.

Announcements for **BIRTHS, MARRIAGES & DEATHS** (Births, Adoptions, Marriages, Deaths, Memorial services, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephone 0171-292 2002 (or stated to 0171-292 2000) or faxed to 0171-292 2001 or stated to 0171-292 2000 (or faxed to 0171-292 2001). VAT extra. **OTHER** Gazette announcements (notices, functionals, forthcoming marriages, marriages must be submitted in writing (or faxed) and are charged at 40p a line, VAT extra. They should be accompanied by a daytime telephone number.

ROYAL ENGAGEMENTS

The Duke of York attends the Year of the Seal/Finale Concert in aid of the King George V Fund for Sailors at the Queen Elizabeth Hall, London SE1. Princess Margaret attends a performance of *Carroll's Adventures in Wonderland* at the Piccadilly Theatre, London W1.

Changing of the Guard

The Household Cavalry Musical Regiment mounts the Queen's Life Guard at Horse Guards, 11am.

LAW REPORT: 18 DECEMBER 1997

Reasons for court-martial's decision were necessary

Where, following a serviceman's plea of guilty before a court-martial to an offence of wounding, there had been a dispute of fact before sentence was passed which involved conflicting expert medical evidence, the court-martial should have given reasons for its decision not to accept the evidence put forward for the defence.

After his plea the applicant had sought to show on the balance of probabilities that he had committed the offence wholly or partly because of the effect on him of the anti-malarial drug mefloquine. Expert medical witnesses were called by both sides, and after two days of evidence the court resolved the question of fact against the applicant, but gave no reasons for its decision.

Clare Montgomery QC and Richard Wormald (Redfern and Sijani, Chatham) for the applicant; James Eadie (Treasury Solicitor) for the respondent.

Receptions
HM Government
Mrs Margaret Beckett MP, President of the Board of Trade, was the host at a reception held yesterday at Lancaster House, London SW1, in recognition of the services of export promoters.

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Mr Justice Hooper said that the sentence of dismissal from the service, obligatory if a sentence of imprisonment rather than of detention was passed, prevented the applicant from completing 22 years' service with the considerable financial benefits which would have resulted from that. The loss to him had been put at over £100,000.

The sentence had subsequently been confirmed by the confirming officer and two petitions for review had been rejected. No reasons had ever been given, notwithstanding that detailed submissions had been made on the applicant's behalf. Under the legislation then in force there was no right to seek leave to appeal against sentence to the Courts-Martial Appeal Court. The only remedy available to the applicant was judicial review.

It was accepted on behalf of the applicant that there was no general duty to give reasons. It was not disputed that the absence of a legislative provision requiring reasons was not a firm indicator that reasons need not be given. It was submitted that, in the light of the authorities, the interests of justice and in particular the right of an accused person to

have a fair trial required the court to give reasons.

That was because the character of the decision making body was judicial, it made final determinations of rights and obligations, and it was staffed by educated and informed persons assisted by a legally qualified Judge Advocate who retired with the court when the sentence was being considered; because the determination of the court might result in loss of liberty and means of livelihood; because the public had a right to know the basis on which a sentence was imposed; because, unless reasons were provided, the value of a right to have an effective review of the sentence was effectively reduced; and because there were no countervailing considerations.

The applicant had relied on three cases concerned with a failure or refusal to give reasons: *R v Civil Service Appeal Board*, exp *Cunningham* [1994] 4 All ER 310; *R v Secretary of State for the Home Department*, exp *Doddy* [1994] 1 AC 531 and *R v Higher Education* [1994] 1 WLR 241.

Applying the principles to be found in those authorities, fairness required that in the present case reasons should have been given both as to why the court had reached the conclusion that there was no causal connection between the applicant's actions and the mefloquine which he had taken, and why it had decided that a sentence of imprisonment was required rather than some lesser sentence which would not have had the same dire consequences for the applicant.

It should not be thought that failure to give reasons would normally result in the quashing of a post-conviction determination of fact, a sentence or the review of a sentence. Judicial review was unlikely to succeed, for example, where the reasons were easily discernible albeit not expressed, or where no other conclusion than the one reached was realistically possible.

- Kate O'Hanlon, Barrister

23/BUSINESS

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FINANCIAL JOURNAL OF THE YEAR

Ex-InterCity chief makes £15m from Angel Trains sale

John Prideaux, a former senior British Rail executive, is to emerge with a £15m profit from the sale of Angel Train Contracts, the third of the privatised rolling stock companies to go under the hammer.

But as Chris Godmark, Business Correspondent reports, the government's review of rail regulation could hail the end of the rail leasing gravy train.

Royal Bank of Scotland won a closely fought auction battle for Angel yesterday, unveiling a £295m deal to buy GRS, Angel's parent company. The bank said it could pay a further £13m to cover contracts to build new trains.

The bulk of the cash will be shared by Mr Prideaux's private consultancy company, Prideaux & Associates, Nomura and Babcock & Brown, a California-based leasing consultancy.

Mr Prideaux, the outspoken former head of the Intercity empire who was ousted from his post in 1993 after damaging internal rows, will personally make £15m from the deal. Two business associates, including Allen Thomas, a director of the Peninsula personnel group, will share a further £7m out of the 5.5 per cent stake in GRS owned by Prideaux and Associates.

Nomura will make £34m, the bulk of the profits, from the sale through its 84.5 per cent stake in the company. Babcock & Brown will emerge with £40m from its 10 per cent stake.

The deal is the latest triumph for the Japanese bank which has

generated huge windfalls from its complex financing schemes. Since the acquisition of Angel in January last year Nomura has snapped up everything from the Ministry of Defence's housing stock to 4,000 entrepreneurs.

Nomura originally paid £696m to the Government for GRS, but used the leasing contracts as security to refinance its borrowings. The move meant almost all of yesterday's cash price represented profit for the three investors, though Nomura refused to reveal how much, if anything, they had paid for their shareholdings. Mr Prideaux is thought to have been given his stake as payment for a year's consultancy work.

Apart from the cash price, Royal Bank will take over more than £600m of the securitised loans, putting a £1bn price tag on Angel's assets. The company, which leases 3,700 carriages and locomotives to 18 of the 25 train operating groups, made pre-tax profits of £75m in its first five years' time.

Mr Prideaux's long term role at Angel was unclear last night. It emerged that he would lose his job as Angel chairman in the new year when Royal Bank took control. Ian Robertson, who led the deal for the Edinburgh-based banking group, said he "respected" the knowledge Mr Prideaux, who could not be contacted yesterday, had accumulated and hoped he would remain at the group. However, the Bank said it would be appointing Ian Houston, one of its own executives to run Angel.

Mr Robertson said Royal Bank would not see similar windfalls from its purchase. "We'll be there for the long term. There's no one in this bank who has managed to make anything like that."

Outlook, page 25

remuneration are a matter for him and the new purchasers," said a spokeswoman for the Department of Transport.

But the Department confirmed that it was looking at the profits generated by rolling stock leasing contracts. The government's review of rail regulation has been widened to examine the three rolling stock companies.

The spokeswoman continued: "The Government's review of railway regulation includes the rolling stock leasing companies and is exploring ways of ensuring the market works to the benefit of passengers in future."

Rail experts were surprised at the price paid by Royal Bank, which is believed to have outbid its arch rival, the Bank of Scotland, and a joint venture including NatWest. Another looming threat to leasing profits would come if the government changed the franchising regime when the first contracts expire in around five years' time.

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Outlook, page 25



Thumbs up for the launch: Jim Spewart, managing director of Standard Life Bank (right), and Jim Stretton, chief executive of the UK operations of Standard Life Insurance, announcing that the direct banking service will begin on 5 January next year

Photograph: Nicola Kurtz

Standard Life launches telephone banking arm

Standard Life, Europe's largest mutual insurer, yesterday launched a new bank and offered interest rates which top those already offered by supermarkets such as Tesco and Sainsbury. As Andrew Verity reports, the company has already received calls at the rate of 100 an hour.

Jim Spewart, managing director of the new Standard Life Bank, yesterday appealed to customers

not to inquire until the bank goes fully live on 5 January, when it will offer a telephone-based savings account with an interest rate of 6.76 per cent.

He said the bank had learned from the experience of Tesco and its partner the Royal Bank of Scotland, which a year ago struggled to cope with a deluge of new customers hungry for its savings rate of 6.7 per cent.

The bank, which has hired 70 staff to handle inquiries, is counting on receiving roughly 3,500 calls a day. Mr Spewart said all inquiries were being dealt with but asked customers to note the date.

Standard, previously seen as an ultra-cautious company, will now compete with telemarketers such as Virgin, Direct Line, Sainsbury, Prudential, Scottish Widows and most high street banks.

Jim Stretton, chief executive of Standard Life, denied that the move into banking was a risky diversification. He said: "If we do something new, we do it because we think it is really important. If we had not done this, we would have been missing a golden opportunity."

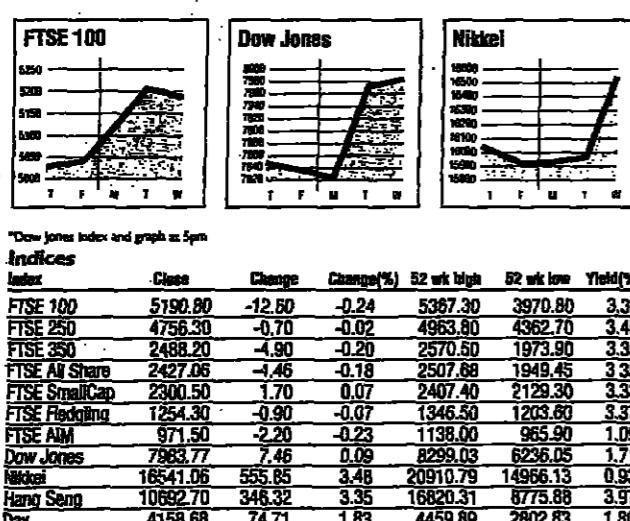
Mr Spewart said Standard's 3.5 million customers were being paid £1.5bn a year and left with no choice but to leave it

live interest rates." Mr Spewart said.

He said the high rates were far from being a short-term marketing ploy. They were sustainable because of low costs. The group has no expensive branch network as its products are sold by independent financial advisers. Advertising costs are low because the bank's new money will come mainly from payoffs to existing customers.

The bank believes it will get up to £4bn in new accounts by the year 2000. It will also begin to offer mortgages and personal loans by the middle of next year.

STOCK MARKETS



Andersen Consulting calls in arbitrator

Andersen Consulting has dramatically raised the stakes in its long-running dispute with its sister organisation Arthur Andersen by calling for an arbitrator to resolve the row. Roger Trapp examines the roots of the dispute.

About 1,000 of the consulting business's partners meeting in San Francisco unanimously backed proposals that could lead to the two businesses that together make up the world's biggest and fastest-growing professional services firm going their separate ways.

A statement issued by Andersen Consulting yesterday cited "serious breaches of contract and irreconcilable differences" and said that it was seeking a declaration that it be allowed to go

its own way. Vernon Ellis, European managing partner, pointed out that Andersen Consulting had paid "hundreds of millions of dollars" to effectively subsidise the setting up of a competitor and said that he believed it was "the best course for both parties" if the two firms were left free to develop on their own. He said that there was no claim for compensation.

Arthur Andersen, which sent Jim Wadia, its UK-based, newly-appointed global managing partner, to the meeting with a peace offering, was last night understood to be surprised by the development, since it is believed that Mr Wadia's proposal represented a substantial shift from its original position and proposed giving on the back of its name. But the consulting partners claim that in addition to giving money to their sister organisation - they have contributed greatly to the management of the combined operation. They also stress that they have invested heavily in their firm's

accounting firms, including those in the Big Six, that whatever happened it would continue to prosper. Earlier this week, "International Accounting Bulletin", reported that last year's revenues rose 19 per cent to \$11.3bn, and it is expected that figures for the current year will continue the trend.

The call for the intervention of an arbitrator under the rules of the International Chamber of Commerce brings to a head a row that has been smouldering, almost since the two business units were established in 1989. Arthur Andersen claims that much of Andersen Consulting's success has been achieved on the back of its name. But the consulting partners claim that in addition to giving money to their sister organisation - they have contributed greatly to the management of the combined operation. They also stress that they have invested heavily in their firm's

name and would see no need to change it should the arbitrator back their call to go alone.

However, it can be expected that over the months that the arbitration process is likely to take Arthur Andersen will defend its rights over such matters as the firm name.

The row came to a head during the summer, when Robert Grafton, the worldwide firm's chairman, had to step in as interim chief executive after the 2,700 partners failed to back either of the management's candidates for the post. It had been hoped to settle the difficulties internally by next spring, but this week's events mean that the Chicago-based firm's troubles are firmly out in the open.

Mr Ellis emphasised that the dispute was "not about money", but about the "inequality" of a situation where the two parts of the firm were increasingly in competition.

Headline unemployment fell by 21,100 last month to just over 1.4 million. The unemployment rate, at 5.1 per cent, is now the lowest since 1980.

This figure measures only those who can claim unemployment benefit. But even the more reliable survey-based unemployment measure shows the rate at its lowest for more than seven years, at 7.1 per cent.

Yet the two-year decline in unemployment has been accompanied by only a modest pick-up in pay pressures. Yesterday's figures showed underlying average earnings growth remaining stable at 4.25 per cent in October.

Many economists believe one clue to whether the Bank of England will need to raise interest rates again is whether earnings growth accelerates.

Analysts said the company still had a lot to prove and that the departure of Mr Grice, who will continue to act as a consultant on the group's printing division on a three year contract, was overdue.

One analyst said: "The question still remains whether this tinker is just putting off the evil day when the company goes belly-up. Wace has to prove it can create a long term business. This company still has no interest cover and is making trading losses."

Mr Brown said the company

Jobless total drops but figures offer few clues on rates

Unemployment has fallen again, but not too fast, earnings growth

appears stable and the pace of pre-Christmas shopping has been calm so far. The statistical snapshot for November suggests the economy is responding to its interest-rate medicine. Diane Coyle, Economics Editor, asks whether another dose will be needed.

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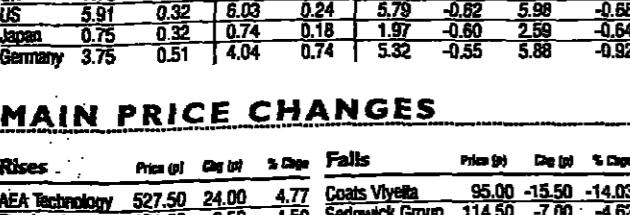
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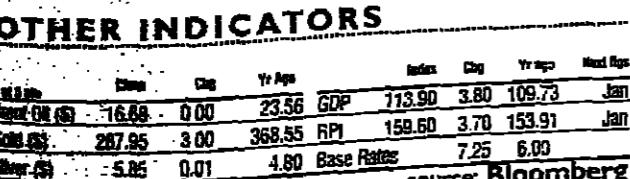
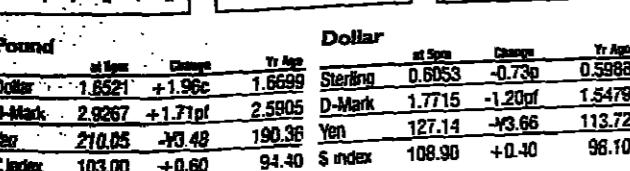
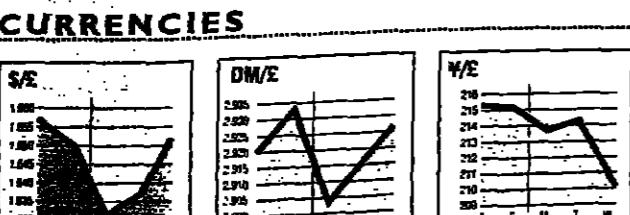
INTEREST RATES



MAIN PRICE CHANGES



CURRENCIES



source: Bloomberg

www.bloomberg.com

Coats Viyella seeks buyer for struggling clothing supplier

Wace parts ways with chief executive and passes dividend

More than a thousand jobs were put under threat yesterday after Coats Viyella, the struggling textiles group, said it had decided to exit one of its main clothing businesses. Sir David Alliance, the group's chairman, also confirmed plans to break up the company he has spent decades assembling.

Coats Viyella is seeking buyers for Counterpart, the troubled Bhs and Next clothing supplier which plunged £28m into the red this year. If it cannot find a buyer in the next few months seven factories in the Midlands and Scotland, which together with back office functions, employ 1,100 people, will have to be closed.

Coats Viyella is also splitting it in two in an effort to reverse the decline in its share price. Its M&S clothing business, the Jaeger and Viyella retail chains and its home furnishings operation will be spun off into a new quoted company, called

Coats. The remaining Viyella group will house its thread and precision engineering divisions. There are also plans to create a three-way split with a demerger of the engineering business awaiting approval from the US tax authorities.

However the group's shares fell 15.5p to 95p as it warned that current year profits would fall £40m short of the £174.3m in made in 1996. The cost of exiting Counterpart and reorganising its poorly performing Berghaus Russian wholesale business will also wipe up to £45m off the bottom line.

Analysts believe the group could be forced to halve its final year dividend. Sir David Alliance said: "Because of restructuring we have lost our way. The change of management and the strength of sterling played a part. Now it is best that the three businesses stand on their own feet with focused management."

- Andrew Yates

Coats, the stricken printing and imaging company, whose shares have crashed from 280p to 24p in less than two years, announced yesterday that Trevor Grice, its chief executive, was leaving the group and that it would not be paying a dividend this year. Coats' shares fell 1.5p to 95p as it warned that current year profits would fall £40m short of the £174.3m in made in 1996. The cost of exiting Counterpart and reorganising its poorly performing Berghaus Russian wholesale business will also wipe up to £45m off the bottom line.

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Coats angered investors earlier in the year, when the heavily borrowed group failed to inform them, but subsequently had to admit that it had breached its hankering covenants. Mr Brown said the company

had stemmed losses in the US and was rapidly reducing debt through disposals, including the long-awaited sale of Chicago Photo Lab for £800,000. He said the company was repositioning itself as a leading player in the digital imaging market. "We are one of the few companies set up to handle this market, which is becoming a global industry," he said.

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One analyst said: "The question still remains whether this tinker is just putting off the evil day when the company goes belly-up. Coats has to prove it can create a long term business. This company still has no interest cover and is making trading losses."

- Sameena Ahmad

The warm weather cut clothing sales by 2.9 per cent in November, while sales of household goods fell by a record 3.7 per cent in the latest three months. But putting special factors aside, the growth rate has clearly slowed from the windfall-booster pace of this summer.

Adding to the uncertainty, retail sales account for only one-third of consumer spending. Areas such as car sales, holidays, meals out and entertainment are not included.

This means the figures for GDP in the final quarter of this year, due after the next meeting of the Bank's Monetary Policy Committee on 8 January, will be a decisive guide to the strength of demand in the economy as a whole.

THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

Carpetright looks decent value

There's no doubt Carpetright's success since Lord Harris's group came to the market four years ago. But the shares have underperformed the market by 34 per cent this year and investors may wonder whether they should have cashed in when Lord Harris sold a chunk of his holding in January.

But with the shares down 10p to 459p yesterday - compared to their 644p in June - the downside looks limited.

Yesterday's 16 per cent rise in interim profits to £16m was below some forecasts, but news on current trading was more encouraging. Though same-store sales in the first half were up 4 per cent Lord Harris reckons Carpetright has achieved double-digit sales increases in the past seven weeks. That's against a UK carpet market that is down over 10 per cent.

The group claims it only needs 4 per cent comparable sales growth each year to achieve its goal of a 30 per cent share of the market by the year 2000. That will mean expanding the number of Carpetright stores from the current 226 to 300 and doubling the number of larger Carpet Depot outlets to 150.

Though sales gains may be hard, the shift towards higher-margin mid-price carpets is boosting margins. Carpetright is also pushing the Crossley carpet range, which comes with a free five-year guarantee. From a standing start in May, these now account for 12 per cent of total sales. Carpets by Harris, an in-house brand with a 10-year guarantee, will be launched soon.

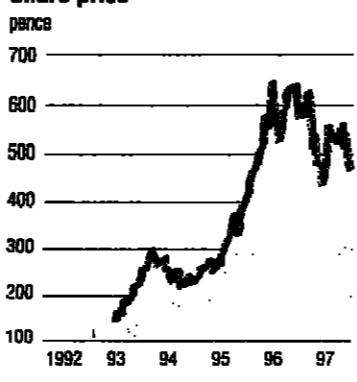
On full year forecasts of £41m the shares trade on a forward p/e of just 13 - almost no premium to rival Allied Carpets. Higher interest rates and the absence of windfalls means 1998 may not be the year to hold retail stocks, but Carpetright looks decent value.

Carpetright: At a glance

Market value: £371m, share price 459p

Trading record	96/7	97/8
Turnover (£m)	106.5	128.9
Pre-tax profits (£m)	13.9	16.2
Earnings per share (p)	12.1	14.3
Dividends per share (p)	7.5	9.5

Share price



Eurotherm ready to grow again

Don't tell Eurotherm's shareholders, but the strong pound could be a blessing in disguise. Pre-tax profits down 20 per cent this year and a 44 per cent share price slump since early 1996 hardly suggest the controls maker is thriving.

But, under pressure from currencies, chief executive Claes Hultman has come up with new ways of achieving growth. There's no fat to cut, so instead he's weeded out weak products and introduced a new range of temperature controls. In a UK market where orders fell by up to a third, Eurotherm increased sales.

Provided the pound stays put, Eurotherm looks ready to grow again. To regain its darling status, however, it needs to boost its presence in the US and Asia. A war chest of up to £100m could provide that, as could a joint venture.

But until the group clinches a deal the shares - up 7p to 363.5p and on a forward PE ratio of 14 - are no more than a hold.

Two retailers issue profits warnings

The weakness of Christmas trading on British high streets was underlined yesterday when two retailers issued profits warnings. Oasis Stores, the women's fashion chain, issued its second warning of the year saying that "in line with many other companies in the retail sector" it was finding current trading difficult and was unlikely to meet profit forecasts.

Oasis shares crashed by 30 per cent to 130p. This is well below the issue price of 148p when the company came to the market in 1995. Its first warning came in June just two months after some Oasis directors had sold shares at an average price of 400p. In current trading Oasis's like-for-like sales are 6 per cent below those of last year.

Mulberry, the luxury goods group which floated on the Alternative Investment Market last year, saw its shares fall sharply when it said its profits for the year to March will fall "significantly below market expectations". It blamed difficult markets for luxury goods in Europe, the economic conditions in the Far East and

the strength of sterling, which has affected tourist spending in London.

Mulberry shares, which have performed dreadfully since their market debut last year, collapsed 20p to 53.5p. They were priced at 153p on flotation.

Oasis's broker Société Générale Strauss Turnbull has cut its full year profit forecast from £15.6m to a range of £10m-£12m. Nick Bubb, the company's broker said: "It's been a below par year, but that happens in fashion. They will bounce back."

Oasis was affected earlier in the year by buying mistakes. In September it said its autumn ranges had failed to take off because they lacked the racy Spice Girl items that were selling well elsewhere. But this time the company blamed external factors.

Mr Bubb said consumer confidence was fragile and issues such as higher interest rates and the Government's stance on benefit payments were encouraging people to be cautious and save more.

Nigel Cope

Engineering companies want single currency

The majority of engineering companies are in favour of joining the single European currency, but two-thirds would only want to go in at an exchange rate below DM2.65 to the pound. A survey of 3,500 companies in this heavily export-oriented sector organised by the Engineering Employers' Federation and Lloyds Bank found that 58 per cent favoured entry to Emu "when economic conditions were appropriate" and 33 per cent favoured joining "soon after 2002". Only 8 per cent rejected membership. On the other hand, only one in 10 had made any preparations for the start of the single currency. Most blamed a lack of government direction for their inaction.

Graham Mackenzie, the EEF's director general, said: "We are seeing a distinct shift in opinions amongst our member companies." Two years ago a fifth had opposed membership, he said. Adam Turner, director general of the CBI, said: "These results underline the CBI's belief that the clear majority of British businesses support the principle of UK entry into Emu."

Pound hinders Pearson

Pearson, the media group, yesterday said second-half operating profit and sales continued to grow, although the strong pound and investment in the *Financial Times* and Channel 5 TV had tempered the advance. Profit in the year to December would be about £20m lower than if currency rates had remained unchanged. Pearson said in a trading statement. The company said it would take a "significant" charge for reorganisation, although considerably below the £40m charge in 1996.

Pearson said it continued to cut costs where it could, in order to meet chief executive Marjorie Scardino's stated goal of doubling the company's value by 2002. At the same time it is investing in expanding its *Financial Times* newspaper unit and UK TV interests.

Stagecoach looks to Lisbon

The bus and rail group Stagecoach is bidding to take over train services in the Portuguese capital Lisbon. The company has formed a joint venture with one of Portugal's biggest construction firms, Mota & Cia, to operate the city's North-South Rail Link which is being privatised by the Portuguese government. Stagecoach already provides bus services in Portugal and now operates on 60 routes.

Vodafone hits five million

Vodafone, the telecoms group, has connected its five millionth customer worldwide. As a result of strong growth in the UK and overseas, it is likely that by the end of the calendar year annual growth will be over one and a half million new customers, the company said. Chris Gent, chief executive, said: "With more than a third of our customers coming from overseas, we are seeing the benefits of our international investments."

Cenargo bids for Scrutons

Privately owned shipping group Cenargo Fast Ferries has launched an agreed bid for Scrutons, offering 310p per share, valuing the ports and shipping company at about £15m. Scrutons said it had declared a special dividend of 10p a share, to be paid only if and when the offer by Cenargo becomes wholly unconditional. Cenargo said it has received irrevocable undertakings to accept the offer representing 63.1 per cent of Scrutons. Since April, Scrutons has refocused its business, agreed the sale of Victoria Deep Water Terminal in Greenwich, South-east London, achieved a managed reduction in the cost base and increased sales levels in its remaining businesses, Cenargo said.

Animal health venture

Irish pharmaceutical group United Drug is involved with a subsidiary of food companies Avonmore Waterford Group and Dairygold in a joint venture to launch an animal healthcare company. The new company, called Animal Health Distributors, will provide warehousing and distribution of animal healthcare products and would start trading on the Irish stock exchange in January 1998. The company will be owned equally by United Drug and Co-operative Animal Health, a 20-year-old veterinary medicine wholesaling and distribution business jointly owned by Avonmore Waterford and Dairygold.

COMPANY RESULTS

	Turnover	Pre-tax	EPS	Dividend
Baggeridge Brick (F)	35.82m (33.07m)	4.08m (2.52m)	7.40p (4.07p)	3.5p (3.125p)
Break for the Border (I)	10.66m (11.02m)	0.243m (0.521m)	0.45p (1.43p)	0.7p (0.8p)
British Therapeutic (I)	2.94m (3.13m)	0.650m (0.164m)	0.1p (1.1p)	- (-)
Carpetright (I)	128.8m (108.5m)	16.21m (3.95m)	14.3p (12.1p)	9.5p (7.5p)
Cleaving Group (F)	64.65m (60.38m)	24.02m (8.11m)	82.05p (22.6p)	1p (3p)
Drake Holdings (I)	25.47m (25.84)	4.18m (4.38m)	4.03p (4.15p)	0.56p (0.54p)
Kentek (F)	131.2m (119.6m)	10.42m (3.1m)	1.94p (1.54p)	0.85p (0.7p)
Lonsdale Holdings (I)	0.034m (0.033m)	0.165m (0.423m)	2p (1.5p)	- (-)
Pemberton Group (I)	1.18m (0.56m)	0.105m (0.094m)	0.25p (0.36p)	- (-)
Rephred Zeta Hambley (F)	6.54m (5.85m)	1.45m (0.75m)	0.5p (4.3p)	2.5p (2.0p)
SEP Industrial (F)	57.70m (56.2m)	2.74m (5.95m)	2.00p (4.33p)	1.25p (1.75p)
Tensall Group (F)	80.99m (78.05m)	4.14m (8.19m)	7.1p (17.7p)	5.17p (5.0p)

(F) - Final (I) - Interim ↑ EPS is pre-exceptional *Dividend to be paid as a FD

The Hi-Speed Company.

ALCATEL

25/BUSINESS



It's a wonderful, wonderful life, is banking

OUTLOOK
ON STANDARD LIFE
BANK, FALLING
UNEMPLOYMENT,
THE SALE OF ANGEL
TRAINS AND
THE FALLING-OUT
AT ANDERSEN

Eighteen months after deciding that it was not very comfortable with its exposure to banking, Standard Life has had second thoughts and concluded it is a jolly good business to be in after all. So good, in fact, that it has launched its very own retail bank.

Standard Life's decision last May to offload its 32 per cent holding in Bank of Scotland caused a frightful kerfuffle north of the border. In Edinburgh financial circles it was regarded as a betrayal to rank alongside the massacre of Glencoe. The Standard explanation - that it would rather not have such a large slice of its funds tied up in one company, thank you all the same - cut no ice with the BoS. Its chairman Sir Bruce Patullo stormed out of the Standard Life boardroom, throwing his directorship in the bin as he went.

But nor did it cut much ice elsewhere. Retail banking and life and pensions are so much part of the same jungle these days that only those with a foot in both camps are sure to survive. Hence we know why Standard Life's chief executive Jim Stretton was so keen to "rebalance the equity portfolio" last May. The day after its BoS shares were sold, he began thinking about Standard Life bank.

And now another almighty kerfuffle is in prospect because Standard Life is offering savings rates that will make the eyes positively water at every other lender, including the supermarket banks launched by Tesco and Sainsbury. Jim Stretton, who was poached from Direct Line to set up and run the bank, is too polite to say so and anyway he can't be rude about BoS

since it remains Standard Life's biggest tied agent. But the fact is that the high street banks with their branch networks will never be able to live on the same margins as a telephone-based bank like Standard Life.

It reckons it will also have an edge over Tesco and Sainsbury who have to share their banking profits and Virgin and Direct Line, who incur heavy marketing costs to attract customers. Instead, Standard Life will market the bank through its 30,000-strong network of independent financial advisers on wafer-thin commissions.

The launch of the bank is also an elegant exercise in financial recycling since Standard Life reckons it will get a fair chunk of its deposits from life policy holders ploughing their money back in as policies mature. If things go to plan then the target of £1bn in deposits and 100,000 customers in a year could prove conservative.

What yesterday's announcement does not represent is any weakening in Standard Life's commitment to mutualism. With £56bn of assets behind it, there are very few rivals who could force Mr Stretton to think differently and plenty more who will be watching his experiment in banking with special interest, even the putative master, Barclays Westminster.

Penny bet on the wages-jobs spiral

Anybody who used to visit old-fashioned seaside amusement arcades will remember the penny falls. The pennies would

mount up until one finally sent the whole pile tumbling over the edge in a cascade of coins. Watching the month-by-month declines in unemployment produces a similar sense of anticipation. A drop of 11,000 here, 21,000 there - will next month bring the one that shatters the barrier of pay restraint and sets earnings off on an inflationary spiral?

Unemployment, on the most reliable official measure, is at its lowest for seven and a half years at 7.1 per cent yet earnings are growing at just 4.25 per cent. Some economists argue that the British jobs market has therefore fundamentally changed: others say it can't last and higher pay claims will soon start to pile up.

Certainly, the rate of unemployment below which wage inflation would start to take off is lower than it used to be. A higher standard of education amongst the workforce and all those 1980s "flexibility" measures have had some impact. The supply of suitably skillful and adaptable workers has increased to meet the increased demand for employees as the economy has recovered.

The clear lesson is that inadequate labour supply has been at the root of Britain's unemployment problem, not insufficient labour demand.

If demand continues to rise, it will only start to boost pay inflation if it now runs into a labour supply barrier. The signs are that this is not as much a constraint as the pessimists fear.

Employers have been remarkably successful at drawing into the jobs market people who were not previously un-

employed - women, pensioners and foreigners. This helps explain why pay has been so restrained as unemployment has fallen. It does not mean it will continue to stay tame, but does suggest the jobs market will keep away from the inflationary edge longer than some experts fear.

Rolling in railway millionaires

Britain's latest railway millionaire, John Prudeaux, was keeping an understandably low profile yesterday. All that lolly and for so little work, it's almost embarrassing. And just think of all the begging letters if word gets around too much.

Aside from the ex-InterCity man's £1.5m the interesting thing about the sale of Angel Trains to Royal Bank of Scotland, is just how cannily Nomura has played its hand.

The Japanese bank was the first to really focus on how much value could be extracted from these cash machines otherwise known as railway rolling stock companies.

Hence its decision to finance the original acquisition of Angel from the Government with debt and then immediately securitise it against the guaranteed revenue streams, thereby achieving a triple A debt rating and lowering its cost of capital.

Stagecoach copied the Nomura model exactly, allowing it to pay an extra £300m for Porterbrook and start the gravy train rolling for Sandy Anderson. The pattern

was repeated all over again with Eversholt Leasing.

Even after paying Nomura £395m for the privilege of inheriting Angel's securitised loans, RBS must still think there is money to be made. All of which makes you fair wonder how much more the previous government might have raised for the taxpayer had it not been in such a hurry. Still time for a juicy postscript before the National Audit Office sends its report off to the printers.

Andersen fairytale ends in tears

What excitement. A four-star bust up in the staid old world of accounting. In fact the two warring halves of Andersen Worldwide, its consultancy arm and the old bean-counting business have been at each other's throats like squabbling siblings almost from the day they were conceived eight years ago.

With Coopers-PW and KPMG-Ernst & Young out of number one slot, the sensible thing to do would be to buy the hatchet, stay together and lever off one another's strengths.

Alas it has gone too far for that - partners' profits are feeling the pinch and now Andersen Consulting has reached for the international arbitrators citing "irreconcilable differences". At least the lawyers are assured fat fees even if it ultimately means tears at bedtime for everyone else.

Lonrho sells car dealers for £113m

Jack Barclay, the country's biggest Rolls-Royce and Bentley dealer, changed hands yesterday as part of a £113m management buyout of the Dutton-Forshaw group from Lonrho. Andrew Yates assesses the future of Lonrho as it seeks to turn itself into a pure mining company.

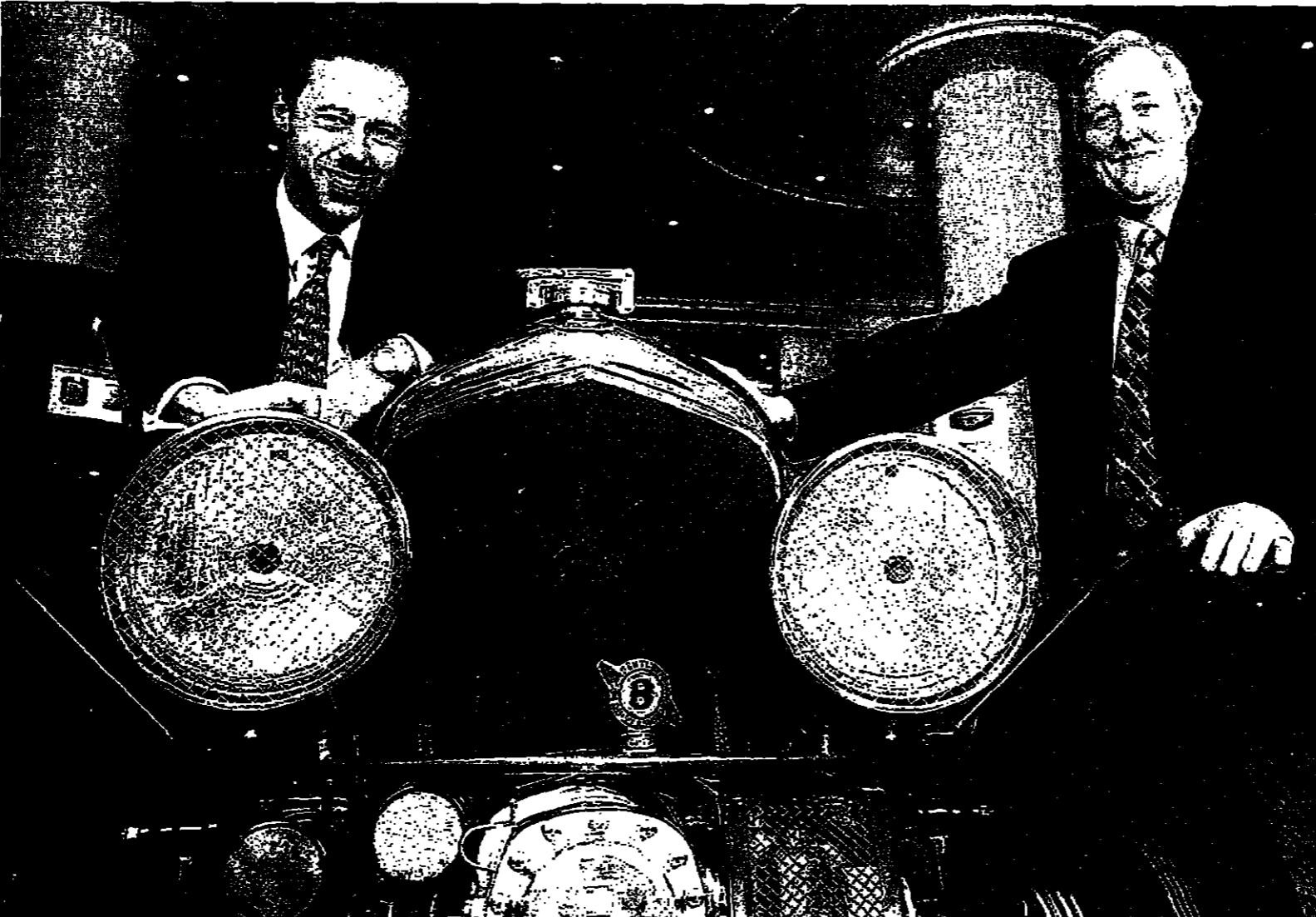
Jack Barclay's car showroom in Berkeley Square is a regular haunt for the rich and famous who demand only the best. Set up 70 years ago by the famous racing driver, who held eight world records, the business was acquired by Dutton-Forshaw in 1977 and fell into the hands of Lonrho two years later.

Now Jack Barclay, along with 30 other Dutton-Forshaw dealerships, has been bought by a management team led by chief executive Robert Robinson and backed by CVC Capital Partners, the venture capitalists. Dutton-Forshaw employs 2,500 people and also sells makes such as Jaguar, Land Rover, Vauxhall and Ford.

The deal is the latest sign of the restructuring in the motor industry, which has been thrown into turmoil by manufacturers' demands to deal with only one distributor in one area.

"This business requires a lot of capital expenditure and we will invest significantly in the dealerships. Winners and losers are emerging in this industry and we want to be winners," said Rob Lucas, a director of CVC.

Dutton-Forshaw was making a loss a few years ago but its



In the showroom: Robert Robinson, Dutton-Forshaw's chief executive (right), with Rob Lucas, a director of CVC Capital Partners, at the Jack Barclay Rolls-Royce and Bentley dealership in Berkeley square, London

GRE pays £435m for private medical insurer

Guardian Royal Exchange has significantly boosted its exposure to the growing health insurance market with the acquisition of the country's second largest private medical insurer, PPP Healthcare Group.

GRE is paying £435m to the group's owner, PPP Healthcare Medical Trust, which will also receive a £125m dividend from the sale of the company. GRE shares slipped 10p to 324p.

GRE said the integration of its fast-growing Guardian Health division with PPP's 2.5 million customers would result in annual cost savings of £14m. The deal, which is subject to regulatory approval, is expected to be earnings-enhancing from 1999.

John Robins, GRE's chief executive, said the deal was part of the group's strategy to become a leading player in the health and long-term care markets.

"As it becomes more difficult for governments to meet in full the demands placed upon them for healthcare services, individuals will increasingly have to make their own provision," Robins said.

The acquisition of PPP, with an estimated market share of 28 per cent, provided a significant platform for future growth, he added.

In addition to its strong position in private medical insurance, PPP also has about 85 per cent of the dental care finance market and a 60 per cent share of the long-term insurance care market.

GRE's enlarged health insurance business will be led by Peter Owen, PPP Healthcare's chief executive, who will join

GRE's main board. He said PPP had found an "excellent parent" and the deal brought tremendous opportunities for the company.

PPP made pre-tax profits of £24.8m in 1996 on turnover of £717m. However, profits were down sharply from £66m a year earlier.

In the first nine months of 1997, PPP said it had made profits of £84m including investment gains of some £67m.

The sale to GRE followed a decision by PPP's board that the best way to optimise the company's potential over the long term was to find a strategic partner.

GRE is believed to have beaten off competition from GE Capital of the US and Halifax, which were among a number of financial services companies keen to acquire it.

Competition in the private medical insurance industry has intensified in recent years with flat sales and new entrants squeezing profits.

Nevertheless, healthcare is one area where pressure is likely to grow on governments around the world to encourage individuals to make their own provision and offset the rapidly escalating costs of state provision.

The sector is facing a huge shake-up in Britain, with Bupa, the leading healthcare insurer with a 45 per cent market share, bidding to buy nursing home provider Care First for £211m.

Composite insurance companies are evolving their own individual strategies to cope with the increasingly competitive industry conditions.

Japanese income tax cut sends surge through Asian markets

Spurred by accusations that Japan was doing too little, too late, to put its economic house in order, the government yesterday announced an unexpected \$15.7bn cut in personal income taxes. Stephen Vines in Hong Kong examines whether the package will succeed in stimulating the economy.

The announcement, made by Ryutaro Hashimoto, the Prime Minister, created a surge of enthusiasm in Japan's financial markets which quickly spread to other markets throughout Asia.

"I have decided to carry out a special income tax cut as an

emergency measure," said Mr Hashimoto, adding, "I think these steps will make the economic recovery trend stronger".

Japan has yielded to both local and international pressure to take measures which will stimulate domestic demand and put new life into the flagging economy. This has meant relaxing the Hashimoto government's commitment to tight monetary policy.

The previous day the government had launched a trial balloon, indicating that the tax cuts would be far lower but the response was dismal.

Investor response was rapid. The Nikkei 225 share index surged by more than 5 per cent but fell back to a 3.6 per cent rise by the time trading closed. The tax cut also gave an impetus to the Japanese yen, which closed at Y127 to the US dollar,

up, a gain of almost 4 per cent. Traders believe that some of this rise can be explained by Japanese central bank intervention in the market.

Although investors have registered their backing for the loosening of the monetary reins, it is far from clear whether this move will provide the required economic stimulus. The potential impact on the economy is fairly limited," said Goldman Sachs' chief economist, Tetsufumi Yamakawa. "It is unlikely to be spent for consumption. It is more likely to go for saving."

These doubts were largely cast aside in other Asian markets which are starved of positive news. However, they have, to varying degrees, also made pledges on the economy which can only be fulfilled by defying the IMF.

The Malaysian, Philippines and Singaporean currencies were lifted from lows hit earlier

in the week. Other Asian currencies, notably the new Taiwan dollar, made gains. It appears that central banks across the region took the signal from Tokyo as an opportunity to help along the timid upsurge of confidence by intervening in the foreign exchange markets to bolster their currencies.

The only weakness was seen in South Korea, where the won fell after a two-day rally. The Seoul stock market was also weaker as investors waited cautiously for the results of today's presidential election. All three candidates are theoretically committed to implementing the International Monetary Fund's tough demands for its rescue package. However, they have, to varying degrees, also made pledges on the economy which can only be fulfilled by defying the IMF.

One of the oldest names on the stock market disappeared yesterday as shares in Diageo, the drinks giant formed by the merger of Grand Metropolitan and Guinness, started trading. The conclusion of the deal saw the famous Guinness name erased from market screens after 111 years and ended GrandMet's near 40-year history as a quoted company.

Diageo started life as the seventh

Zeneca took a big step towards achieving its ambition to become a leading player in global crop protection yesterday with a \$500m (£300m) acquisition from a Japanese rival.

The drugs and specialty chemicals company bought a US-based fungicide business from Japan's Ishihara Sangyo Kaisha (ISK), which it said would help lift it to number two position from eighth in the global \$55bn fungal control business.

Zeneca's purchase of Dutch biotechnology company Mogen earlier this year, which strengthened its research into genetic modification of plants to overcome fungal resistance.

News of the latest move pushed Zeneca shares up 4p to £40.77.

Zeneca Agrochemicals' chief executive Michael Pragnell said that ISK's well-established fungicide Chorothanol together with Zeneca's newly-launched fungicide Amistar would allow it to offer a disease-beating package to farmers.

"It is part of a whole disease management programme. Disease control is fundamental

and this is all about disease control in agriculture," he said.

He said Chorothanol would be an important complement to Amistar, which has been launched in 19 countries and approved in a further three.

Zeneca Agrochemicals is eighth in the world in the sale of fungal control products, which account for 20 per cent of the agrochemical market. This compares to its number three position in agrochemicals as a whole.

Diageo's first priority will be to integrate United Distillers and IDV, the spirits businesses of Guinness and GrandMet, which will lead to a wave of redundancies. Analysts expect many more job losses than the 2,000 Diageo has said will definitely go. "Until now UD and IDV have not been allowed to talk to each other. We will move like hell to sort out the businesses," said Mr McGrath.

- Andrew Yates

Market bids farewell to an old name as Diageo makes debut

largest quoted company in the country, valued at £23bn, bigger than Barclays but just behind BT. However, the new company got off to a disappointing start with the shares slipping 1.5p to 590p.

John McGrath, GrandMet's former chief executive and Diageo's chief executive, said: "This is the end of a long journey. It is sad. On the other hand it is the start of a new journey and it is very exciting."

Racial climbs as chairman shows his faith by buying

MARKET REPORT



DEREK PAIN

Racial Electronics, involved in its third major restructuring, climbed 6.5p to 250p, as investors followed two long standing bulls of the shares - chairman Sir Ernest Harrison and analyst Brian Newman.

Sir Ernest has displayed his faith in what is, in effect, the rump of his empire by buying 545,000 shares at 232p. Other directors acquired 55,000.

Mr Newman, with stockbroker Henderson Crosthwaite, believes the shares are a buy despite the likelihood of heavy losses in the current year.

Racial was bumping along around 200p just ahead of the announcement that it intends to sell its loss-making data products division and float its telecom operations.

The float will be the third Sir Ernest has masterminded. Vodafone was the first to be

split from Racial; then came Chubb Security (now part of Williams).

By opting for a sale and float Sir Ernest has met stock market expectations. Indeed there is a feeling he should have undertaken such a move much earlier.

The data side has been in the red for seven years. Mr Newman in his latest circular estimates about half the business can be sold with the remainder likely to demand substantial write-downs, probably £195m.

The rest of the business, such as defence electronics and the stake in the Camelot lottery organisation, has an estimated 320p break up value.

Racial Telecom will come to market within 18 months. Mr Newman values it at £425m, or 150p a Racial share. He points out it has a larger fibre-optic

network than Energis, floated by National Grid, and more deals similar to one completed with Vodafone are being lined up to extend European operations.

Frostie, after a three-day winning streak, fell 12.6p points to 51.190p in fairly active but largely featureless trading.

Diageo, the result of the Grand Metropolitan/Guinness merger, ended at 509p after touching 505p in often brisk trading.

Bass frothed ahead 37p to

9.30p, peak at Goldman Sachs, for long keen on the shares, put out a 1.150p target.

So far this week Bass has rolled out the £279m sale of its bingo operations and a 150m pub disposal as well as an £850m share buy-back. Scottish & Newcastle and Whitbread joined in the seasonal cheer with gains of 20p to 7.75p

and 23p to 8.97p respectively.

Frostie was again absent from retailers. More profit downings and warnings did the damage. Nick Bubb at Societe Generale, Strauss Turnbull cut his Marks & Spencer estimate £20m to £1.14bn. Profit warnings took Oasis Stores down 50p to 150p against a 148p flotation two years ago; Mulberry, the

luxury goods group, tumbled 20p to 53.5p compared with last year's 153p issue price.

Coats Viyella, the engineering and textile group, the latest to climb on the break-up bandwagon, killed any enthusiasm when it also produced a profit warning; the shares fell 15.5p to 95p. Pearson also warned that growth is slowing and lost 5p to 824p.

With the Christmas spending spree still elusive, Kingfisher shaded 7p to 845p and Boots 16p to 877p. M&S fell 20p to 600p.

Nymex Amersham

continued to enjoy its Frostie arrival, gaining 80p to 2,350p.

Imc, the telecoms group, rallied 14.5p to 74.5p. It touched 42p in the summer. There is evidence the group has been professionally bear-harded and the modest rally could indicate some of

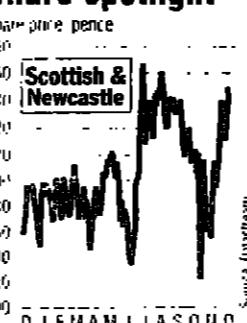
TAKING STOCK

Presbury, a property toddler which has become the main vehicle for Nick Leslau, put through a £12.5m property acquisition, funded from its own cash resources with bank finance "arranged shortly".

The deal has rekindled hopes AIM-traded Prestbury will merge with Carlisle, a cash rich group with a modest property portfolio and a full listing. Entrepreneur Nigel Wray, a long time associate of Mr Leslau, is involved with both companies and a merger would assist Mr Leslau's ambition to develop Prestbury. Carlisle shaded to 9.25p and Prestbury held at 4.75p.

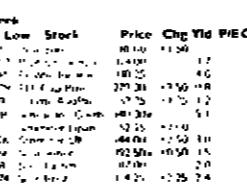
Teather & Greenwood, which has taken over as stockbroker to Dean Corporation, expects the house building and property services group to lift profits to £1.4m this year and £1.9m next. The shares are 11p.

Share spotlight



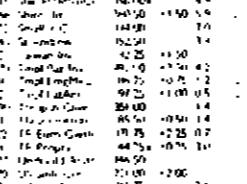
Source: Bloomberg

Food Producers



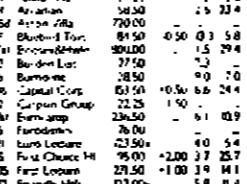
Source: Bloomberg

Leisure & Hotels



Source: Bloomberg

Oil Integrated



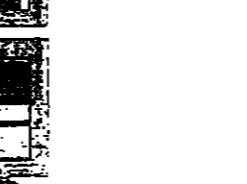
Source: Bloomberg

Oil Exploration & Production



Source: Bloomberg

Paper & Printing



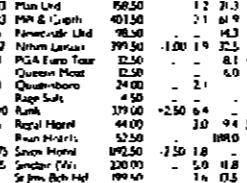
Source: Bloomberg

Retailers, Food



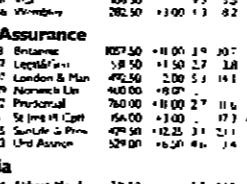
Source: Bloomberg

Textiles & Apparel



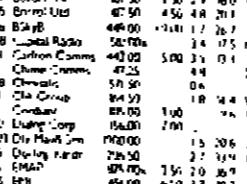
Source: Bloomberg

Retailers, General



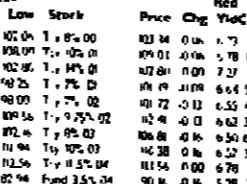
Source: Bloomberg

Property



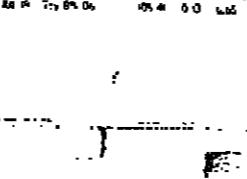
Source: Bloomberg

Life Assurance



Source: Bloomberg

Media



Source: Bloomberg

Government Securities



Source: Bloomberg

attackers have decided enough is enough and closed their positions.

Stories about problems have buzzed around since the digital radio wave group admitted it was running behind schedule. Removal from the FTSE 250 index, forcing some tracker funds to unload, has also hit the shares. But many of the bear stories seem exaggerated. There is now even talk that Ionica could be the ideal takeover target, if only for its cash pile, which tops £200m. At 74.5p it is valued at £16.5m.

Scrutons, the shipping and transport group, jumped 40p to 310p on the £15.5m bid from unquoted Cenargo Fast Ferries, which has acquired 56.3 per cent. Newcomer BCO Technologies arrived on AIM and Dublin's DCM. Placed at 140p the shares closed at 150p.

Teather & Greenwood, which has taken over as stockbroker to Dean Corporation, expects the house building and property services group to lift profits to £1.4m this year and £1.9m next. The shares are 11p.

Share Price Data

Prices are in sterling where stated. The yield is the latest twelve months declared gross dividend. The percentage (PE) ratio is the share price divided by last year's earnings per share, excluding extraordinary items but including exceptional.

Other details: Ex - ex dividend; E - suspended; P - Pandy Paid Up Value; AM - AIM Price is Bloomberg Generic.

Source: Bloomberg

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(TTS, London EC1A 4PP).

Seq volume 870.6m trades 50.54

Gilt Index 101.33 -0.48

at 500pm

Market Leaders: Top 20 volumes

Stock Vol Stock Vol Stock Vol Stock Vol

Anglo Food 4,000 2,000 1,000 1,000 1,000 1,000 1,000 1,000

Barclays Card 6,000 3,000 1,500 1,500 1,500 1,500 1,500 1,500

BT 5,000 2,500 1,250 1,250 1,250 1,250 1,250 1,250

Pilkington 20,300 10,150 5,075 5,075 5,075 5,075 5,075 5,075

Salvage 5,245 2,623 1,312 1,312 1,312 1,312 1,312 1,312

Shad Transport 12,100 6,050 3,025 3,025 3,025 3,025 3,025 3,025

Telewest 7,253 3,626 1,813 1,813 1,813 1,813 1,813 1,813

Thorn 3,000 1,500 750 750 750 750 750 750

Unilever 2,000 1,000 500 500 500 500 500 500

Woolworths 2,000 1,000 500 500 500 500 500 500

YTL Corp 1,000 500 250 250 250 250 250 250

Other Financial

Abc 1,000 500 250 250 250 250 250 250

Amersham 1,000 500 250 250 250 250 250 250

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27/BUSINESS

Clinton was right to put the US back in the black



DIANE
COYLE
ON THE BATTLE
TO CUT
SPENDING

Something extraordinary and almost unnoticed has happened. Uncle Sam is back in the black. The US Federal Government is starting to spend less than its income from taxes for the first time since 1969. In the current financial year the federal budget deficit is likely to amount to only 0.3 per cent of GDP, and in fiscal year 1998 it is likely to be in surplus.

The recovery from George Bush's pre-election blow-out, which took the deficit to 4.4 per cent of GDP, a whopping \$30bn, in 1992, has been remarkable. While the two most recent Republican presidents, Ronald Reagan and George Bush, turned out to be about the most financially profligate in modern American history, Bill Clinton has certainly been the most responsible.

He has been helped by the remarkable US economic performance in the longest recovery since the war. Tax receipts have grown steadily with the economy, while demands for cyclical payments like unemployment benefit have fallen back. There has been extra help from special factors. For example, the government's healthcare bill has at last started to grow more slowly as increased competitive pressures with the

spread of "managed care" has capped the expansion in Medicare and Medicaid outlays.

Even if the economy slows in 1998, as it almost certainly will, the budget deal struck between the President and Congress will keep the government's finances on an improving trend. The non-partisan Congressional Budget Office and Office of Management and Budget are likely to predict a small deficit next year, making cautious assumptions. But most Wall Street analysts expect a small surplus. Chase Securities, for example, predicts it will be \$25bn in the black.

Some critics have despaired of President Clinton's adherence to financial orthodoxy, much as many Labour supporters criticise Gordon Brown for outdoing the Tories on tough public spending controls.

For example, Robert Reich, the former US Labor Secretary, recalls his battles against budget cuts in his memoir of the first Clinton term. He could not see the virtues of reducing borrowing when there was a crying need for spending on the poor, on education, on public infrastructure. "Going into debt in order to help our people become better educated and more productive is entirely reasonable," he wrote in *Locked in the Cabinet*. "No sane business executive would fail to borrow money in order to make a profitable investment like this."

Mr Reich blamed Alan Greenspan, the Federal Reserve chairman, for persuading the President that a vote of confidence from the bond market, in the form of reduced long-term interest rates, would prove a reward that made it worth cutting spending on traditional Democratic programmes.

A famous remark from Mr Clinton's campaign director early in 1993, as the new administration got to grips with the economic realities after the inauguration, confirmed the Wall Street influence. James Carville said: "I used to think that if there

was reincarnation I wanted to

come back as the President or the Pope or a 400 baseball hitter. But now I want to come back as the bond market. You can intimidate everybody."

Was Mr Greenspan right?

He moved from huge deficit to budget surplus in the space of five years is one of those rare real-life experiments that will test the economic theory. According to the theory that has become orthodoxy around the world, the elimination of the deficit will have two beneficial results. One is that long-term interest rates should stay low, keeping the cost of borrowing for companies, consumers and home-buyers low too. This should help keep investment and consumer spending strong.

The other is that the reduction in the amount of private savings the government has to absorb by selling Treasury bonds in order to finance the deficit will release those savings for more productive investment.

There is another element in this equation. In the amount by which American spending on imports exceeds American incomes. This gap – the balance of payments deficit – is big and growing. It is eating into US national saving, with foreign capital plugging the gap. But even so, a lower government budget deficit should help improve both domestic saving and investment.

The government's reduced need to sell Treasury bonds should also have a supplement

ary consequence. For some time there has been concern that the Asian financial crisis will reduce foreigners' appetite to buy US government securities, triggering a fall in the bond market which could in turn undermine share prices.

A combination of higher long-term rates and a fall on Wall Street undermining the value of the now very common stock option schemes used to pay managers and professionals could make a serious dent in US growth. But if the government is actually repaying some debts next year, the bond market looks much less vulnerable.

Some economists are predicting that this is exactly what will happen. The yield on the benchmark long bond is near 6 per cent. Optimistic forecasts predict it will fall towards 5 per cent over the next year – and would be even lower for the fear of an upturn in inflation.

But the Old Democrats, like Old Labour, would argue that this is not enough to justify the failure to spend adequately on social priorities like education and welfare reform. Mr Reich said precisely this on a recent visit to London, criticising the Fed for being over-zealous. US interest rates could be even lower without any risk of triggering inflation, he argued.

This overlooks two things. One is the market response to any perceived laxness on the Fed's part. If Mr Greenspan took short-term interest rates, which he can control, too low, long-term rates, which he cannot control, would rise. These have a much bigger influence on the demand for credit and the economy's growth.

There is also a subtler argument in favour of the orthodoxy. The American economy is in many ways returning to performance last seen in the mid-1960s. Low inflation, low unemployment, rapid job creation, a government budget more or less in balance. Economists see the 1960s as a golden age to which the industrialised nations have been unable to return. The fiscal and financial solidity of the economy, and the prosperity this generated, was what allowed the US to launch the Great Society and civil rights programmes.

Implementing political and social ideals does not come cheap and is never uncontroversial. It certainly cannot be done when a big deficit is forcing the government to penny-pinching. Critics of Gordon Brown's Iron Chancellorship like to compare him to the stern Stafford Cripps, forever associated – somewhat unfairly – with austerity and tough measures. It is more revealing to compare the strategy with Bill Clinton's, which will leave his successor as President the platform from which he can launch a more idealistic politics. Mr Brown just hopes to speed up the process and get to the launching pad in time for a second Labour term of office.

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Sheikh Mohammed demonstrates his staying power

Although he has threatened to withdraw from racing in Britain, Sheikh Mohammed's perseverance could not be faulted in an endurance race in Dubai yesterday. Adam Szreter saw him in action.

Despite his heritage, it was still strange to see the slight figure of Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, kitted out in full endurance-racing regalia and taking time off from the altogether more serious pursuit of putting the frighteners on the British horse-racing business.

Last week the biggest spender in the sport in Britain was busy making unveiled threats to withdraw his horses from the country unless there are radical funding changes. Yesterday he appeared suddenly, somewhere in the Arabian Desert, about 40 miles outside Dubai.

It was half past four in the morning as Sheikh Mohammed arrived to weigh in for the race, billed as the Desert Giants and part of the International Equestrian Federation's World Endurance Championship.

Three of his sons were there as well, and host of other movers and sheiks. The objective of endurance racing is not speed, but to test the combined efforts of man and beast as they attempt to tackle a 120km course through rough terrain, without putting undue pressure on the beast.

In this race there were four stages, with a 30 minute break between each. Horses' pulse rates are regularly checked by vets to see if their riders are overworking them, thereby incurring penalties, while the first 20 horses home at the end are dope tested. The use of whips and spurs is strictly forbidden.

The nags themselves are some former racers, some thoroughbreds, some pure Arab and most of them owned by Sheikh somebody bin some-

body Mak somebody. There was British interest in the shape of Wendy McCawley on Time Traveller, whom she also trains for Sheikh Mohammed.

McCawley finished well down a field that was dominated by Hassan bin Ali on Mr Junabee, owned, by way of variation, by Sheikh Hamdan bin Rashid, another of the Maktoum brothers who have so transformed racing in Britain.

Mr Junabee's only serious problem appeared to be an inability to slow down, thus risking the chance of a heart-rate penalty and possible elimination. Taking water on board as the sun shone after lunch seemed to tax his rider too, as he missed the catch every time anyone threw him a bottle.

In the end the driver was virtually hurling them at him, before offering his advice to the eventual winner who was, understandably, a little put out by the running commentary.

The offender could content himself with chucking a four-wheel drive around the desert

and at times it was hard to work out just what the real event was, with more than 50 vehicles performing cartwheels in the sand behind the leading horses.

Sheikh Mohammed was happy to sit just off the pace among the 40 or so competitors, eventually finishing joint sixth before plonking himself down on the floor to tuck into a meal with family and guests in clear view of anyone who cared to ogle.

The winner, Hassan bin Ali, had arrived to a great fanfare and an embrace from Sheikh Mohammed's oldest son, Sheikh Rashid. There was no prize money for Hassan, just the honour of becoming the UAE's representative in next year's world championship, which the Emirates are hoping to host. The game may have moved on, as they say, but there would be no more fitting stage as the race-organiser, Faisal Sediq, explained.

"Our forefathers and their's before them used to stage marathon endurance tests, especially during weddings of Bedouins and royals, or any im-

portant people who could afford to give something to the others," As far as the good sheikh was concerned, Sediq said: "He always takes part, and he's one of the good, disciplined riders. I'm sure he was attempting to qualify for the world championship - he's keen."

The race had started at 6am and was still going 12 hours later. The star stayed just long enough to answer one question about the UK: "I think the right



Sheikh Mohammed (2nd left) during yesterday's test in Dubai. Photograph: Mukash Kamal

time to talk about that will be at the Dubai World Cup," Sheikh Mohammed said, looking forward to the richest race in the world in March. "That way I can talk to many people," he added, and with that he was gone.

horses to ride makes my job a lot easier," McCoy said.

● The Royal SunAlliance Chase hope Tulymurry Tis is out for the season after cracking a bone in his knee.

● William Hill are to sponsor the National Hunt Handicap Chase at the Cheltenham Festival.

● The BHB has agreed that RaceTech, the provider of racing's integrity services, can be sold to the Racecourse Association for £1, rather than to PhD Information Ltd, which runs the Gambit race-ratings service on the Internet, for £50,000.

McCoy feasts on Beeno

Tony McCoy continued his phenomenal run of success when riding the fastest 150 winners in a season on Deano's Beeno at Bangor yesterday. Like 92 other McCoy winners this season, Deano's Beeno is trained by Martin Pipe. "Having the Pipe

RICHARD EDMONDSON
NAP: Gaels Blue
(Catterick 1.00)
NB: Friendly Knight
(Towcester 3.10)

horses to ride makes my job a lot easier," McCoy said.

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TOWCESTER

HYPERION
12.40 D'Naan 2.40 Bracey Run
1.10 Strong Vision 3.10 Captain Kedive
1.40 Lansdowne 3.40 Miner's Bill
2.10 Boots Madden

GOING: Chase course - Good to Soft; Hurdles - Soft.
Weights: 6lb 10oz. Weight circuit 140oz.

MISSION: Club C12 (C12); Tattersalls C7; Course: E10; Course: ES; CAR PARK: Centre of LEADING TRAINERS WITH RUNNERS: D Nicholson 20 winners from 68 runners

gave a success ratio of 41.2%, C Brasier 16-12 (14.3%), K Bailey 12-54 (22.2%), Mira J Hansen 9-39 (23.1%).

LEADING JOCKEYS: M Brasier 16 winners from 111 rides gives a success ratio of 14.4%, N Williamson 13-60 (22.5%), A P McCoy 12-53 (11.1%), R Dunwoody 11-55 (10.9%).

FAVOURITES: 101 wins from 460 races (22.0%).

BLINKERED FIRST TIME: Lambson (12.40), Ever Smile (14.0).

FORM GUIDE

1.10 DOWER GREEN HOLLY NOVICE CHASE (CLASS D) £5,000 added 2m 5f Penalty Value £1,979

1 28/10 BALDOUGH (12) (C) Mrs Rosemary R McFerran 9 11
2 25/10 BALLYDOUGH (12) (C) Mrs Rosemary R McFerran 9 11
3 25/10 BALLYDOUGH (12) (C) Mrs Rosemary R McFerran 9 11
4 25/10 CLINTONIA (20) (C) Mrs John Poynton 9 10
5 4/2/2 CLINTONIA (19) (C) Mrs John Poynton 9 10
6 4/2/2 DANTES CAVALIER (18) (C) Mrs Maryann O'Dwyer 7 12
7 3/2/2 ENTERAL (12) (C) Mrs Maryann O'Dwyer 7 12
8 1/2/2 MANNER (12) (C) Mrs Maryann O'Dwyer 7 12
9 1/2/2 MANNER (12) (C) Mrs Maryann O'Dwyer 7 12
10 1/2/2 MANNER (12) (C) Mrs Maryann O'Dwyer 7 12
11 1/2/2 SCOTTY (14) (D) Mrs E Gardner 7 12
12 1/2/2 SCOTTY (14) (D) Mrs E Gardner 7 12
13 1/2/2 SPARKLING CORN (12) (C) Mrs M Horner 8 12
14 2/1/1 STRONG VISION (12) (D) W Buxton 7 10
15 2/1/1 SWANSON (12) (C) Mrs M Horner 8 12
16 2/1/1 TOWER (12) (C) Mrs M Horner 8 12
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Naseem Hamed spars with John Ingle at the Chelsea Pier Sports Complex in New York in preparation for his world featherweight title defence tomorrow

Photograph: Jamie Squire/Allsport

Hamed seen as a small potato in the Big Apple

Despite massive promotion, Naseem Hamed is encountering apathy rather than adulation as he prepares for his world title defence tomorrow.
Harry Mullan reports from New York.

The cabbie who drove me to my hotel a block behind Madison Square Garden had never heard of Nassem Hamed, who makes his American debut at Madison Square Garden tomorrow night against Kevin Kelley. There is nothing unusual in that, of course: New York cabbies are so notoriously ill-acquainted with their own city that some of them may not even have heard of the Garden itself. But when the same level of

ignorance is encountered amongst bartenders, for whom encyclopaedic sporting knowledge is a professional essential, it is clear that tomorrow's World Boxing Organisation featherweight title defence is a hard sell for the self-styled Prince and his promoter, Frank Warren.

Hamed is a big name in Britain, but has yet to scratch the surface of American sporting consciousness. His mentor, Brendan Ingle, did his best to put a brave face on it when he flew home at the weekend to work with his middleweight Ryan Rhodes who lost in Shefield to Otis Grant for the vacant WBO middleweight title.

Ingle insisted that Hamed had made a big impression in New York and would draw well against Kelley, a popular local fighter with a fine record and a crowd-pleaser's reputation, but the proof is in the advance tick-

et sales. Barring an unexpectedly walk-up at the box office on Friday the 20,000-seat arena is likely to be less than half full.

That will be a blow for Warren, who reportedly paid £750,000 to hire the stadium for his US promotional debut. He is a seasoned player in a high risk game and will understand the necessity to speculate to accumulate, but Hamed is not used to being snubbed. It must be a blow to an ego of his dimensions to encounter apathy rather than adulation, but it may be some consolation to reflect that better-known men than him have failed to fill the Garden.

Big-time boxing is now so rare an event in New York that the market - which once sustained regular weekly shows in the old Garden, the third to bear the name and the predecessor of the current arena - has moved on and only ice hockey

is now a guaranteed seller here. New York, and specifically the Garden, was once viewed as the game's headquarters, but then the Las Vegas casinos realised the punter-pulling potential of the sport and, within a couple of years, had taken it over.

The city slipped so far down

the promotional pecking order

that my first assignment here in a near 30-year career including over 50 American trips was not until 1991, when I watched Terry Norris pound Sugar Ray Leonard into yet another retirement. The arena was less than half full that night too, and if one of the best marketed boxers in history could not draw the crowds back to the Garden, it is asking a lot of an unknown Englishman to succeed where he failed.

HBO, the TV company who signed Hamed to a \$12m (£7.3m) deal, have done their best to project him and allocated an advertising budget of £1.75m. There is a 50-foot billboard of him at the Lincoln Tunnel, strategically sited to catch the eyes of the commuting thousands, and his image is also displayed in Times Square. But New Yorkers are going to feel it, he says. "I don't know if the Garden crowd will boo him, but I know that if he tried that act in the streets of New York, guys that couldn't kill him with their bare hands would shoot him. Anybody that has to tell you their great, it means they ain't."

Hamed, as ever, has talked a good fight and the New York press coverage has been generally sympathetic and encouraging. Press conferences have followed the now traditional pattern of boasting and bad-mouthing, but it is all rather unconvincing. Kelley, a 5-2 underdog, is an intelligent and mature 30-year-old who has lost just once in 50 fights, and he looks faintly uncomfortable spouting the ritual insults.

He is, though, genuinely aggrieved that his \$500,000 purse is a mere fraction of Hamed's, although he is the local fighter with proven pedigree, including a two year spell as World Boxing Council champion. "Every time I hit Hamed, HBO's pocket

knock-out, and Hamed would be well advised to accord him much more respect privately than he has been showing for public consumption. Buddy McGirt, a former twice world champion who is now one of the house trainers in Hamed's New York gym, the Blue Velvet, pronounced the champion's power to be "awesome" after watching him go through a work-out on the pads with assistant trainer, John Ingle. Yet he gives his fellow New Yorkers a good chance, "so long as he can black out being in his home town and doesn't try trading punches with him."

Michael Jackson, a rather less expert witness to the Hamed work-out, was also hugely impressed - but as the *New York Post's* Wally Matthews commented wryly "hand pads don't hit back." Kevin Kelley will.

In place of the amateur rule, the regatta is now concentrating on eligibility. In the case of the main schools event, the Princess Elizabeth Cup, it permits another seven weeks for entrants by limiting the event to those who have not reached 19 by the end of the regatta. An ancient loophole, which allowed entries to the open small boats events to private individuals, has now been closed with the insistence that all competitors have been a member for at least two months of a club affiliated to a national federation for at least 12 months.

The changes agreed by the Stewards have simply brought the regatta in line with most of the other institutions in the sport, and will not appear radical when the 1998 regatta opens on 1st July.

In addition to Ellis, two oarsmen, Richard Stanhope, 40, and Richard Phelps, 32, were elected Stewards.

- Hugh Matheson

CRICKET

Captaincy saga affecting Lara's form

The West Indies' captaincy for the England tour of the Caribbean is still unresolved and one of the main candidates, Brian Lara, is feeling the pressure, as Mark Baldwin explains from Sharjah.

Brian Lara is desperate to be West Indies' captain when Mike Atherton's team face them in the Caribbean next month. But should the West Indians beat England's one-day specialists in the Champions Trophy final on Friday, the present skipper Courtney Walsh might get a stay of execution.

Walsh looked certain to be sacked following the 3-0 Test

whitewash by Pakistan, yet the West Indies have bounced back in Sharjah and beaten Adam Hollioake's side would enable them to go home for Christmas with some pride restored.

That all leaves Lara caught in the middle of a saga that has threatened to tear apart the team once regarded as the world's best. For Lara the last few months especially have been a curious, even tortured, existence.

The West Indies coach, Malcolm Marshall, admitted yesterday that the long debate about the captaincy issue has affected Lara.

The world's most exciting batsman, holder of both Test and first-class record scores, has been struggling for runs as he tries to show the selectors that he is the man to take over the

reigns of a team in sharp decline.

Walsh, by contrast, is bowling as well as he has ever done in his life. The 35-year-old Jamaican was the top wicket taker in Pakistan, and in Sharjah has been the most potent new-ball force in the tournament.

Marshall denied that Walsh and Lara did not get on and dismissed reports that they do not even speak.

Lara, though, has been keeping a deliberately low profile during the last 10 days in Sharjah, spending virtually all his leisure time on the golf course under the team and media glare.

Marshall said: "I don't think Brian's batting problems during the last few weeks have been technical. The whole captaincy issue is affecting him and he has spoken to me about it a couple of times. When you know you

are close to becoming captain I think it would affect anybody."

"He is very disappointed with his batting, but he loves to play for the West Indies and there is no way he would not play against England in the Test series if he was not made captain. He is not that sort of person."

Marshall said personal criticism back home in the Caribbean had also hurt Lara, especially for not attending a team sponsor's function when in fact

according to Marshall - he was not due to be involved anyway.

Lara has also struggled, said Marshall, to come to terms with the mental burden of being expected to score more heavily than anyone else every time the West Indies bat.

Hollioake's team had a relaxing day yesterday, only travelling from their Dubai base to the Sharjah Stadium late on for some fielding practice under lights. They plan a full net session tomorrow morning.

Lara, meanwhile, will meet Warwickshire chief executive Dennis Amis to sign his one-year contract for next season during a brief stop-over in London this weekend on his way home from Sharjah. Lara has succeeded Tim Munton as captain.

Lara played for Warwickshire in their treble-winning campaign three seasons ago and said: "I can't wait for the opportunity to return to Edgbaston, the scene of such wonderful success for myself and the club in 1994."

■ Highlights of tomorrow's match will be televised on *Grandstand* on BBC 1 on Saturday.

EQUESTRIANISM

Smith looking for a repeat as he closes in on Helsinki

The 26th Olympia Show Jumping Championships begin today in the elegant setting of the Grand Hall, where the first international horse show took place in 1907. Genevieve Murphy looks at some of this year's participants.

Wellham and Grannusch, when he attempts to improve his placing on Saturday. These were the two partners he rode to be runner-up in this year's World Cup final.

As always, the World Cup contest will be a hotly competitive class with 11 of the current top 12 riders in the world in contention. The participants will include the two great Germans, Frank Sloothaak (the world champion) and Ludger Beerbaum (holder of the European title) as well as the consistent Dutchman, Eric van der Vleuten, who is currently leading the Western European League.

Sloothaak is back in action after dislocating his right shoulder in a painful fall at Stuttgart in October.

A total of 38 riders from 11 countries will be jumping for prizes worth £230,000. These include a Volvo car (worth £20,000) on offer in the World Cup qualifier, a possible winner-takes-all prize of £21,000 for Sunday afternoon's Vink Christmas Masters and the £16,000 which goes to the winner of Monday evening's Olympia Grand Prix.

The programme also includes lighter entertainment, notably from two old favourites: the Pedigree Chum Dog Agility Stakes and the Osborne Refrigerators Shetland Pony Grand National. A new display, from the Frenchman Jean-François Pignon, has been hailed as an amazing example of communication between a man and his horses.

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Calls cost 50p per minute at all times. Winners picked at random after lines close 22 December 1997. Usual Newspaper Publishing rules apply. Editor's decision is final

Michael Bevan and Ricky Ponting combined to steer Australia to a six-wicket victory over New Zealand with 67 balls to spare in their triangular one-day cricket international in Melbourne yesterday.

Bevan was named as man-of-the-match with his match double of 2 for 26 and 42 as Australia overtook the Kiwis' 141 in the 39th over at 142 for 4.

Ponting was unbroken on 60, scored off 92 balls, to put the Australians into second place in the triangular series behind the leaders South Africa heading to the wicketkeeper Adam Parore.

Ponting and Bevan put on a match-winning 95-run partnership for the fourth wicket.

Earlier, Chris Harris with an undefeated 62, steered New

Zealand from a calamitous position to be all out for 141 with three balls left of their 50 overs. At one stage New Zealand were 75 for 7.

South Africa Students took advantage of some generous fielding by England Under-19s to reach 255 for 4 at the close of the first day of their three-day fixture in Port Elizabeth.

India and New Zealand were involved in a tied women's World Cup match in Indore yesterday. Both sides had already qualified for the quarter-finals from Group B, but still went all out for victory. Chasing a target of 177 in the stipulated 50 overs, India slipped from 121 for 2 to 176 all out in the final over.

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ROWING

Henley moves quietly with the times

Professionals and women stewards have played no part in Henley Royal Regatta's 158-year history, but that is all about to change. Regatta officials announced yesterday that for the first time a woman has been elected to the Henley board. In another significant change the word "amateur" has been struck from Henley's rules.

Di Ellis, who has chaired the executive committee of the Amateur Rowing Association for 10 years, and has recently been elected to the British Olympic Association, is the first woman to be made a Steward of the Regatta since it was founded in 1895.

In keeping with this move the regatta, which enjoyed one of its most successful years in 1997 and saw an increase in profits, has cut the word amateur from all its rules so that oarsmen, and women single scullers, may now receive money from any source. The regatta will try to avoid being used in advertising and sponsorship stunts and will offer no prize-money.

The Stewards acknowledge that the top performers in the sport can now earn as much as £150,000 a year, earnings which are permitted by the international governing body of rowing, Fisa. The Amateur Rowing Association is expected to approve similar alterations in early 1998 along with a change of name.

In four years up to 1996 Henley filed one leg of the Fisa World Cup competition for scullers and created the Princess Royal Challenge Cup as the women's equivalent of the Diamond Sculls.

In place of the amateur rule, the regatta is now concentrating on eligibility. In the case of the main schools event, the Princess Elizabeth Cup, it permits another seven weeks for entrants by limiting the event to those who have not reached 19 by the end of the regatta. An ancient loophole, which allowed entries to the open small boats events to private individuals, has now been closed with the insistence that all competitors have been a member for at least two months of a club affiliated to a national federation for at least 12 months.

The changes agreed by the Stewards have simply brought the regatta in line with most of the other institutions in the sport, and will not appear radical when the 1998 regatta opens on 1st July.

In addition to Ellis, two oarsmen, Richard Stanhope, 40, and Richard Phelps, 32, were elected Stewards.

- Hugh Matheson

United happy to face Monaco in the quarter-finals

The three surviving English clubs were given attractive but tricky ties in yesterday's draw for the quarter-finals of the European football competitions. Glenn Moore assesses the chances of Manchester United, Chelsea and Aston Villa progressing in March.

There is something appropriate about Manchester United being sent to Monte Carlo, England's wealthiest club has always seen itself among the game's high rollers.

Gambling, however, will not be on Alex Ferguson's agenda when United visit the Riviera on

4 March. A solid performance against Monaco will be his aim after United were paired yesterday with the French champions in the last eight of the Champions' League.

The other English representatives, Chelsea in the European Cup-Winners' Cup and Aston Villa in the Uefa Cup, were given equally wealthy Spanish opposition.

Chelsea play Real Betis, the club who paid £21.5m for the right to sign the Brazilian Dentinho next season, while Villa meet Atletico Madrid, Leicester's conquerors and now home to Juninho. All three English clubs are away in their first leg. United and Chelsea are favourites for their respective competitions, with 17-0 being offered on a clean sweep.

United will be pleased to avoid the Germans teams Bayern Munich and Borussia Dortmund, who have been paired together, Real Madrid, who face Bayer Leverkusen, and Dynamo Kiev, who meet Juventus. Monaco will, however, need to be respected.

They may be watched by barely 10,000 fans, but the Grimaldi family fortune has enabled them to gain three French titles in 15 years, with a fourth in sight.

They lead the French league and tomorrow seek a record-equalling eighth successive league win. They have Fabien Barthez, the French No 1, in goal and John Collins of Scotland in midfield, but it is their forward line that catches the eye. Jean Tigana can

choose from Nigeria's Victor Ikpeba, Thierry Henry, whose pace destroyed Newcastle in last season's Uefa Cup, and David Trezeguet, their new striking hope of French football.

Trezeguet is 20 years old, French-born and Argentine-raised. His Argentine father moved back to South America after playing in France but returned to Europe when Trezeguet was 17 to help his son's career. Paris St Germain rejected him after a two-week trial but Tigana needed less than an hour to be convinced.

Trezeguet is now seen as the latest candidate to provide the cutting edge the national team is missing. A confident player, he will welcome the chance to prove himself against United.

His club were less bullish. Their sports director, Henri Biancheri, said: "I think we've drawn the one club we didn't want to play, but we did not want Newcastle and we beat them so perhaps we can do the same. English clubs are always hard to overcome, but we must not be intimidated."

Martin Edwards, the United chairman, said: "Monaco are one of the two or three teams we would have picked if we had been given a choice. We are pleased."

With the World Cup just months away the tie will be closely watched by English and French police. Biancheri said: "Last year about 5,000 Newcastle fans came and there was no trouble."

Chelsea will be equally anxious about their trip to Spain following problems during their 1995 tie away to Real Zaragoza.

On the pitch the match should be closely contested. Betis, who play in Seville, have Finidi George of Nigeria, Jarai of Croatia and the prolific striker Alfonso.

Real Betis said, like Monaco, that Chelsea were the team they wanted to avoid, but Villa held no such fears for Atletico. "It is a hard draw," Brian Little, the Villa manager, admitted. Remembering Gary Parker's bizarre sending off in Atletico's victory over Leicester, he will hope the refereeing is up to scratch. Elsewhere there is a rematch of last year's final between Schalke 04, the holders, and Internazionale.

QUARTER-FINAL DRAWS

European Cup

Bayer Leverkusen (Ger) v Real Madrid (Sp)
Juventus (It) v Dynamo Kiev (Ukr)
Bayern Munich (Ger) v Borussia Dortmund (Ger)

Monaco (Fr) v Manchester United

(First leg March 4; Second leg March 18)

Cup Winners' Cup

Roda JC Kerkrade (Neth) v Vizcena (It)
Slavia Prague (Cz Rep) v VfB Stuttgart (Ger)

AEK Athens (Gr) v Lokomotiv Moscow (Rus)

Real Betis (Sp) v Chelsea

(First leg March 5; Second leg March 19)

UEFA Cup

Ajax Amsterdam (Neth) v Spartak Moscow (Rus)

Internazionale (It) v Schalke 04 (Ger)

Lazio (It) v Auxerre (Fr)

Atletico Madrid (Sp) v Aston Villa

(First leg March 3; Second leg March 17)

Scottish top 10 to reject new proposal

Scotland's top 10 clubs yesterday confirmed that they will reject an extraordinary proposal from the First Division teams in the on-going debate about a new Premiership. It is understood the First Division sides, who met at St Mirren's Love Street ground on Monday, will be pressing for an immediate top flight of 12 clubs from next season before they give their blessing to the breakaway.

Not only that, they are apparently seeking compensation of a minimum £1.5m each year for the next 20 years to be paid to the Scottish League, a sum equivalent to £50m.

The Premier Division clubs met in Edinburgh yesterday and are furious at the First Division clubs' stance. Their spokesman Lex Gold, the Hibernian chairman, said: "We have not received an offer from the lower division clubs. But if the reports in today's media are accurate then I can tell you that any such offer will be immediately rejected."

"Our position remains unchanged. Our offer is off the table and we are driving forward together towards establishing a new league following the end of this season." The First Division clubs will now present the package to the Second and Third Divisions before embarking on talks with the Premier Division clubs.

The top teams want a new league of 10 clubs to start with.

They have already threatened a closed shop as they have been infuriated at the resistance of clubs outside the top flight.

Gold said: "We are formulating the rules and constitution for the new league for discussion with the Scottish Football Association and have set up working groups on football and other matters. In addition we are continuing to progress discussions with broadcasters and sponsors for the new league."

The Celtic midfield player Morten Wieghorst has decided to take a leaf out of David Beckham's book and keep his thoughts about referees to himself in future. Wieghorst admits his desire to stay part of Wim Jansen's first-team plans has meant his discipline has dropped. After collecting eight bookings this term the normally mild-mannered midfielder was given a two-match ban last month.

"The last thing you want when the team is challenging for trophies is to sit games out," he said. "I have picked up a few more bookings than I would want this season, but while my game has always been aggressive it is something I must watch. I have been so keen to keep on doing well and stay in the team that I have picked up silly cautions. I have now made a conscious decision, like David Beckham did at Manchester United, to keep my mouth shut."



Patel Nedved (right) tussles with the United Arab Emirates striker Ali Ghola during the 6-1 victory that took the Czech Republic closer to the semi-finals of the Confederation Cup in Riyadh yesterday

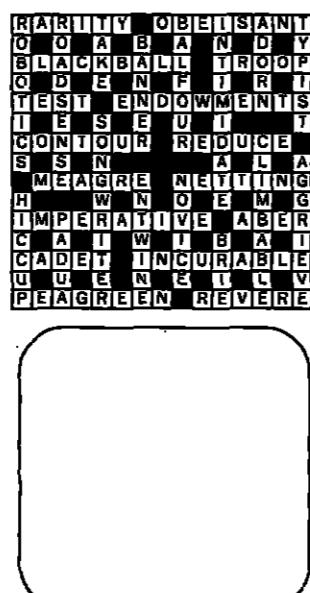
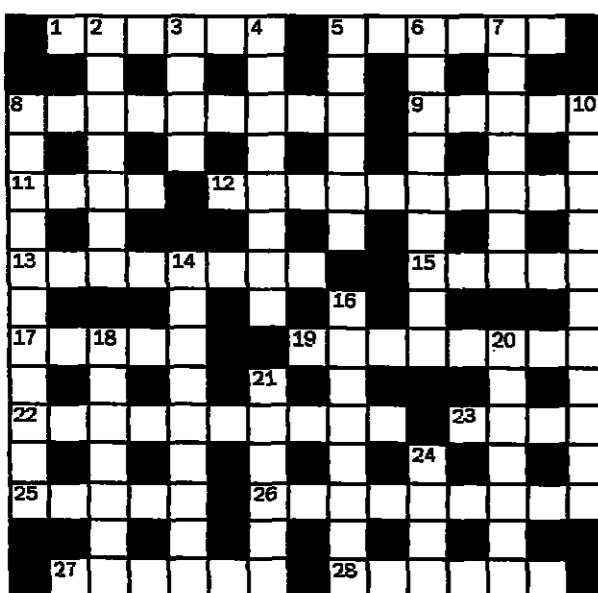
Photograph: Rabih Moghrabi/AFP

THE INDEPENDENT CROSSWORD

No. 3485. Thursday 18 December

By Mass

Wednesday's solution



ACROSS
1 Insight makes contract? Apparently the opposite (6)
5 Field the ball! (6)
8 A drawing lacking strength? (5,4)
9 American (mostly savoury) garnish (5)
11 Curse, reluctant to lose face (4)
12 Striking stoic results in a hospital case (3-7)
13 Bullfighter's art, confused with rodeo (8)
15 Takes home with inbuilt feature of Swedish homes (5)
17 Shack raised by lake (5)
19 He's into stocks, with an eye on the market (8)

22 Voiced perception showed heartless provocation (10)
23 Blow with left, in the mug (4)
25 Double note from one of the strings? (5)
26 Worthies reassessed by English differently (9)
27 Leave in old airline flier (4,2)
28 See off, vocally, in vehicle (6)

DOWN
2 Plot-note, right for cultivator (7)
3 Partner's set out, void of Spades (4)
4 Legal figure has former English court reconvened (8)

Milutinovic confirmed as Nigeria coach for France 98

Speculation that Terry Venables might coach Nigeria at the World Cup was finally quashed yesterday when it was announced that Bora Milutinovic has been chosen to lead the Super Eagles in France next year.

Nigeria will be the fourth team Milutinovic has coached at a World Cup following his spells with Mexico, Costa Rica and the United States.

Venables, the former England coach, had been linked with the Nigeria job after narrowly failing to take Australia into the World Cup finals.

Nigeria have been without a coach since the Frenchman Philippe Troussier left in August.

The military government gave its approval to the choice of Milutinovic and the contract was expected to be signed later in the capital, Abuja, according to the Nigeria Football Association's spokesman, Sani Zaria.

In secret negotiations last week, Nigerian FA members

were said to have favoured the Dutch coach, Jo Bonfrere, but they feared Nigeria's authoritarian ruler, General Sani Abacha, would not accept him.

Bonfrere coached Nigeria to their victory in the 1996 Olympic Games in Atlanta, but then resigned shortly afterwards in what was seen as an insult to Abacha.

Milutinovic, who will be Nigeria's fourth coach in 20 months, was dismissed as coach of Mexico in November, less than a month after helping his team clinch a place in the World Cup finals. He coached Mexico in the quarter-

finals in 1986, Costa Rica to the second round in 1990 and the United States to the second round in 1994.

Scotland are trying to arrange two matches against Denmark next March so they can give as many players as possible the chance to impress before the World Cup finals. The first-choice team are due to face the Danes, who have also qualified for France, on 25 March, with Ibrox the likely venue.

But Craig Brown, the Scotland coach, is also anxious to fit up a B team match so he can give his fringe players a run-out. Scotland are due to face Finland in April before probably embarking on a two-match trip to the United States the following month. Then they will settle into their French base in St Remy de Provence as Brown finalises his preparations for the opening match against holders Brazil on June 10.

Sheffield Wednesday's £1.75m move for Gooch Sedlko has been put on ice after the Macedonian international failed his medical. It is the second blow for the new Wednesday manager, Ron Atkinson, in the space of 24 hours after he learnt the 23-year-old central defender from the Croatian club Hajduk Split faces a delay in obtaining a work permit.

Atkinson refused to reveal the nature or the extent of the problem, but said: "The X-rays have shown up something which could later give him some trouble." Atkinson is determined to finalise the transfer, but added:

"We will now have to renegotiate and restructure the deal because we want to safeguard our interests."

Chelsea are leading the chase to sign China's captain, Fan Zhiyi, according to reports in the Far East. A leading Chinese newspaper says that the London club want the country's 1996 player of the year, while several English clubs are keen to sign other internationals.

Arsenal, Southampton, Crystal Palace and Nottingham Forest have been linked with the striker Hao Haidong, who plays for the present Chinese champions, Dalian Wanda, and was prevented from joining the Uruguayan side Penarol in 1995.

Wang Junshe, the vice president of the Chinese Football Association, said: "We have not yet received letters from the interested clubs nor invitations to the players." He also refused to discuss transfer fees, saying it was a "very sensitive" question, but reports say the first transfer of a Chinese player to England could happen as early as next month.

The Croatia Zagreb striker Igor Cvitanovic has signed for Spanish side Real Sociedad for £2m. Cvitanovic has been his country's top scorer for the last two seasons.

Second Division Bournemouth are taking two Manchester players on loan. City's former Southampton and England Under-21 winger Neil Heaney is to spend a month at Dean Court, along with United's 19-year-old midfielder Paul Teather.



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